



MHBE

Small Business Programs Advisory Committee

July 31, 2024

1:00PM – 3:00PM

Online Via Google Meets

Members Present:

Jon Frank, Co-Chair
Glenn Arrington
Victoria August
Rob Cohen
Amber Hyde
Mark Khatib
Daniel Koroma
Susan McLean
Eugene Poole
Kathy Sweely
Judith Walker
Rick Weldon

Staff

Michele Eberle
Amelia Marcus
Theresa Battaglia
Makeda (Mimi) Hailegeberel
Rita Dyer
Dinesh Ganesan
Nicole Edge

Members of the Public

Nikki Blake
Wes Mace
Allison Mangiaracino
Nicholas Penders

Welcome, Agenda, and Meeting Minutes

Jon Frank, Co-Chair, opened the meeting. He then asked Committee members to consider accepting the position of Co-Chair of the Committee. Mr. Frank outlined the agenda for the meeting then asked members to offer corrections or changes to the June 26 meeting minutes. The minutes were approved as presented by unanimous consent by the Co-Chair.

Small Business Program Updates

Mimi Hailegeberel, Small Business Programs Manager with the Maryland Health Benefit Exchange (MHBE), gave an update on the status of the enrollment portal. The request for proposals (RFP) was issued on June 17 and closed on July 26. The RFP evaluation committee is likely to make a recommendation in the first week of August for the consideration of the Board of Trustees. Ms. Hailegeberel then explained that, based on feedback received during the Committee's previous meeting and on limited resources, the MHBE does not intend to implement tobacco rating at this time.

Mr. Frank asked how many vendors submitted bids in response to the RFP. Ms. Hailegeberel replied that she was uncertain whether she is permitted to share that information, but that she would find out and provide an answer if possible.

Professional Employer Organization (PEO) Study

Ms. Hailegeberel introduced David Cooney, Associate Commissioner for Life and Health at the Maryland Insurance Administration (MIA), noting that the agency is preparing a report on PEOs that is due to the Maryland General Assembly by the end of the year.

Mr. Cooney explained that the report will include research and information regarding the role of PEOs in Maryland but will not contain any recommendations and that the MIA has no position on the issue. He noted that he hopes to gain feedback and insight from Committee members to include in the report with the understanding that the most important consideration is ensuring access to quality affordable health coverage to small employers and their staff.

Ms. Hailegeberel shared details on the current use of PEOs in the state, noting that Maryland is one of only three states that prevent PEOs from offering large group health plans to small businesses since the law looks at the number of people at the workplace to determine whether the small group or large group rules apply. Small employers in Maryland may use other services offered by PEOs, such as human resources, payroll, pension, and retirement offerings. She asked Committee members to offer feedback on several questions on the impact of allowing PEOs to offer health coverage to small employers in Maryland.

Mr. Poole noted that, in his experience, a major benefit to a small employer of joining a PEO is access to health insurance. Since small group coverage is available in Maryland, that benefit would not apply.

Mr. Frank agreed with Mr. Poole, adding that he was skeptical that PEOs would be pleased to offer coverage to the very smallest employers—those with 10 or fewer employees—and that they would likely prefer to focus on businesses with 25 or more.

Mr. Koroma recalled that Washington, D.C. attempted to enact legislation on this topic and asked whether any data are available from that effort to inform any best practices and outcomes in the report. Mr. Cooney replied that the report will include that information and that he would research the D.C. effort.

Mr. Arrington cautioned that PEOs are likely to use medical underwriting to insure only the healthiest small employers resulting in increased morbidity and increased costs in the small group market, a process he characterized as “cherry picking.” He added that PEOs present challenges around customer service and transparency compared with services available to small employers today.

Ms. Hyde agreed with Mr. Arrington, noting that PEOs were allowed to offer health insurance to small employers in Maryland in the past, during which time carriers declined to offer insurance to some small groups.

Mr. Frank asked whether anyone representing a PEO was present for the meeting. He received no answer.

Ms. Walker noted that her small business has been unable to find reasonably priced coverage for her employees, leading those employees to enroll in individual coverage. She expressed confusion as to why the small group coverage is so much more expensive. Mr. Frank explained that the availability of tax credits and other subsidies on the individual market make it quite an attractive choice for many.

Ms. Blake explained that her organization, CareFirst, is still evaluating its position on PEOs, adding that the small group market has changed dramatically in recent years.

Mr. Cooney asked Committee members to discuss what regulatory controls should be put in place should the legislature decide to allow PEOs to offer large group coverage to small groups.

Mr. Cohen replied that medical underwriting must be banned for this market. Mr. Frank agreed, adding that guaranteed issue should remain mandatory.

Mr. Arrington shared a range of regulatory controls that should be enacted, including compliance with the Maryland Fair Employment Practices Act, transparency and inclusion for small employers' existing brokers, and that all plans offered through PEOs include all the essential health benefits enshrined in the Affordable Care Act.

Mr. Cooney thanked the Committee for their input, adding that they are accepting written comments through August 9, 2024.

Enrollment Portal Updates - COBRA

Mr. Ganesan presented a walkthrough of the various screens currently under development for small employers and employees involving COBRA coverage. He demonstrated the user experiences of both employers and employees who enroll, renew, and disenroll.

Mr. Arrington asked whether the prices displayed in the portal will include the COBRA administration fee. Ms. Hailegeberel replied in the negative, noting that the MHBE will not use a third-party administrator (TPA) to administer COBRA. Since the fees are charged only by TPAs, the lack of such fees through Maryland Health Connection for Small Business (MHC-SB) is an added benefit of using the system.

Mr. Mace cautioned that penalties for noncompliance with notice requirements are quite harsh and that MHC-SB should make employers' responsibilities clear in this regard. He advised that the system not allow employees to select their COBRA event date, stating that this date should be set by the employer.

Mr. Mace asked whether the employee would be able to select a different plan during the COBRA election. Ms. Hailegeberel answered in the negative, noting that the law

requires that the COBRA coverage be precisely the same plan as during their employment. Mr. Mace noted that dependent coverage can be dropped from the COBRA plan, adding that MHC-SB should include some way to select a disenrollment date for dependents in that case.

Mr. Frank asked that the system present other plan options from Maryland Health Connection alongside the COBRA coverage. Ms. Hailegeberel replied that this is present in the notices and is planned for implementation in the portal.

Mr. Arrington stressed that the responsibility for correctly operating COBRA falls entirely on the employer.

Mr. Poole asked whether MHC-SB distinguishes between federal and state COBRA requirements. Ms. Hailegeberel replied that both sets of requirements are coded into the system and will generate the appropriate notices.

Mr. Poole asked whether employees who choose COBRA coverage would be able to change their mind later and choose another plan from Maryland Health Connection. Ms. Hailegeberel replied that the employee would have to experience a qualifying event to trigger a special enrollment period (SEP) to allow such a change. Ms. Dyer added that choosing to end COBRA coverage early does not trigger a SEP. There was general agreement among Committee members that MHC-SB should take pains to explain to COBRA enrollees that they must remain with their COBRA plan until it expires.

Mr. Mace noted that “reduction in hours” is missing from the list of reasons for COBRA enrollment.

Mr. Arrington asked how billing will be handled. Ms. Hailegeberel replied that billing will be administered by the vendor selected to operate the system.

Mr. Poole wondered whether dependents would still have access to the COBRA coverage should the former employee age into Medicare coverage.

Mr. Arrington asked when the vendor will be selected. Ms. Hailegeberel replied that the vendor will have been selected by the Committee’s next meeting.

Public Comment

None offered.

Adjournment

The meeting adjourned at 2:38 PM.

Chat Log

00:14:26

Makeda Hailegebereel -MHBE-:

https://hbx.dc.gov/sites/default/files/dc/sites/hbx/release_content/attachments/Director%20Kofman%20Testimony%20B24-0305.pdf

00:24:48

Makeda Hailegebereel -MHBE-: Jon- to your earlier question, I am able to confirm we received two proposals.

01:36:05

Theresa Battaglia -MHBE-: Thank you

01:36:05

Amber Hyde: Thank you all