maryland health connection℠

for small business

Small Business Issuer Reference Manual 2025-2026

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1. Introduction & History

Through the implementation of the Maryland SHOP (now MHC for Small Business) in April 2014, MHBE has continued to provide Maryland's small businesses access to the Small Business Health Care Tax Credit and certified health plans. For the 2014 plan year, the SHOP only offered the Employer Choice benefit model, as defined by the ACA. Effective January 1, 2015, MHBE expanded the Maryland SHOP program to include the Employee Choice model for plan selection.

The Maryland Health Benefit Exchange Act of 2012 established a Maryland SHOP for employers with 50 or fewer employees and allowed for an Employee Choice benefit model as defined by the ACA, in addition to the current market model. The Maryland Health Progress Act of 2013 further defined Maryland SHOP rules for employer premium contributions. This act was modified by the federal regulations of June 18, 2018, which removed the requirement for the SHOP to calculate employer contributions premium rates or provide aggregate premium payments.

Between January 1, 2015, and June 30, 2018, MHBE contracted with Third-Party Administrator(s) to function as Maryland's SHOP Administrator(s). BenefitMall was the sole SHOP Administrator for Maryland until July 30, 2018. At this time, MHBE adopted a SHOP Direct Enrollment Process that required that SHOP business would be handled directly by the participating insurance carriers (or their authorized representatives), rather than through a SHOP Administrator. This SHOP Direct Enrollment Process was a result of new Federal Regulations referenced below.

On June 18, 2018, Centers for Medicare and Medicaid Services published final regulations (under 83 FR 16930) that set forth additional flexibility in the operation and establishment of the Small Business Health Options Program (SHOP) Exchanges. These regulations included changes to standards related to Exchanges; the required functions of the SHOPs as well as other related topics. MHBE reviewed the changes allowed under these regulations and modified Maryland's SHOP program in accordance with these changes.

These final federal regulations issued on June 18, 2018 modified the required functions of the SHOP Exchange. For plan years beginning January 1, 2018, MHBE is responsible for the development and operation of a Small Business Health Options Program (SHOP) that includes these required functions:

- Certification of SHOP Qualified Health Plans (QHPs)
- Determination of Employer Eligibility to Purchase SHOP QHPs
- Requires that carriers offering QHPs adhere to applicable enrollment periods, including special enrollment periods (SEPs).

On August 1, 2018, MHBE transitioned to a direct-to-carrier enrollment process and rebranded as MHC for Small Business. This change transferred the responsibility for administrative

functions, including employee enrollment, eligibility determinations, and premium billing services, to the participating insurance carriers or their authorized representatives (TPAs).

Starting September 1, 2025, eligible small employers can use the new MHC for Small Business Portal (www.marylandhealthconnection.gov/smallbusiness) to purchase medical plans and, when available, ancillary plans with the assistance of an authorized broker. Existing MHC for Small Business groups will be migrated to the new platform at renewal.
This new platform provides Maryland small businesses with a one-stop shop to explore health insurance plans, compare rates, and assess their eligibility for coverage while quoting and establishing benefit packages using employer or employee choice models. Small businesses will work with authorized brokers to find plans that best meet employee needs and qualify for tax credits through Maryland Health Connection for Small Business.

2. Purpose

MHBE established MHC for Small Business to give small businesses in Maryland options for quality, affordable health insurance for their employees. Enrolling in MHC-SB-eligible plans offers a way for employers to apply for and potentially qualify for the federal Small Business Health Care Tax Credit.

With the launch of the enhanced enrollment portal on September 1, 2025, MHC for Small Business will continue to provide eligible employers with access to affordable health plans that offer plan choice options and the possibility of qualifying for the Federal Small Business Health Care Tax Credit.

3. Scope

This manual: (i) contains information about the laws, regulations, policies, and procedures that pertain to MHC for Small Business; (ii) describes the service interactions, assumptions, activities, constraints, process flow, and data elements involved; (iii) does not provide technical interface specifications outlining the technical aspects of the integration, including systems, integration mechanisms, or other technical considerations; and (iv) is intended for use by authorized carriers.

4. Eligibility Determination Process and Requirements

The employer or broker can complete a MHC for Small Business Eligibility Application online. The completed online form is submitted and transmitted to MHC for Small Business to determine group eligibility. MHC for Small Business Eligibility Determinations are processed immediately upon application, and the notice of eligibility or ineligibility will show up in the inbox of the employer’s account on the MHC for Small Business website. The producer can access the employer's eligibility determination notice if an authorized broker is linked to the employer’s account. However, an MHC for Small Business-eligible group must receive their initial MHC for Small Business eligibility determination decision in the same tax year for which they began their MHC for Small Business-eligible plan to claim the federal Small Business Health Care Tax

Credit. To be eligible to enroll in health insurance through MHC for Small Business, a small business or non-profit organization must:

- Have a primary business address in Maryland.
- Have at least one employee enrolling in coverage who isn't the owner, business partner, or spouse of the owner or business partner.
- Have from 1 to 50 full-time equivalent (FTE) employees.
- Offer MHC for Small Business health coverage to all full-time employees.

5. MHC for Small Business Eligibility Determination Rules & Duration

A determination of MHC-SB Eligibility to enroll in a plan does not constitute eligibility for the Federal Small Business Health Care Tax Credit. A group's eligibility for the Federal Small Business Health Care Tax Credit is not a requirement for eligibility for a MHC-SB plan. The Eligibility Determination should be completed in the same tax year the employer's plan began.

Renewing groups do not need to submit a new MHC for Small Business Eligibility Determination Application at renewal time. In accordance with 45 CFR § 155.716, MHC for Small Business's determination of an employer's eligibility to participate in MHC for Small Business remains valid until the employer makes a change that could end its eligibility under § 155.710(b) or withdraws from participation in MHC for Small Business.

6. Eligibility under 45 CFR 155.710(b):

Small Employer Definition: "Small Employer" means an eligible small business or employer headquartered in Maryland that employed an average of not more than fifty full-time equivalent employees during the preceding calendar year. The group must be defined as a single employer under IRS code 414(b), (c), (m), or (o). At least one full-time currently employed Eligible Employee must be enrolled under the Group's coverage or have a valid waiver at all times who is not the owner or the owner's spouse.

MHC for Small Business requires an employer to submit a new eligibility application for changes such as:

- Terminating offers of coverage to employees maintaining full-time status.
- Growing to be a large employer without having maintained continuous MHC for Small Business coverage
- Moving its principal business address or eligible employee worksites out of the MHC for Small Business service area.
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MHC for Small Business will automatically perform new eligibility determinations at each renewal unless an employer notifies them of a change in status affecting eligibility, as outlined above, prior to the renewal. MHC for Small Business will inform any enrolled group and the affected carriers of the determination of ineligibility. Employers will be able to meet the requirements below using the MHC for Small Business portal.

- MHC for Small Business will notify carriers of plans in which group members are enrolled within 5 business days of the end of any applicable appeal process under 45 CFR 155.741.
- An employer must notify through the MHC for Small Business portal of their intent to terminate MHC for Small Business enrollment for all reasons other than ineligibility to participate in MHC for Small Business (45 CFR 157.206).

7. The Federal Small Business Health Care Tax Credit

Eligibility for enrollment in an MHC for Small Business plan does not indicate eligibility for the Federal Small Business Health Care Tax Credit. The Internal Revenue Service determines the tax credit amount an employer is eligible for.

The federal small business healthcare tax credits are available to qualified Maryland employers who purchase plans through MHC-SB. A qualified small employer may claim the tax credit for any two consecutive taxable years beginning in 2014. The credit will provide up to a 50% subsidy of the employer contribution to employee premiums for qualifying non-tax-exempt small businesses and up to 35% for qualifying tax-exempt small businesses.

An employer may qualify for a tax credit if it has fewer than 25 full-time-equivalent employees, pays less than a $65,000 (adjusted annually for inflation) average annual wage (excluding the wages of owners and their families), and contributes at least 50% of each employee's insurance premium. Additional information regarding the small business healthcare tax credit can be found by visiting: http://www.irs.gov.

Term and Phase Out of Small Business Health Care Tax Credit- An employer may claim the credit for no more than two consecutive taxable years, beginning with the first taxable year in or after 2014 in which the eligible small employer attaches a Form 8941, Credit for Small Employer Health Insurance Premiums, to its income tax return, or in the case of a tax-exempt eligible small employer, attaches a Form 8941 to the Form 990-T, Exempt Organization Business Income Tax Return.

IRS Resources on Filing for the Small Business- The IRS has many resources concerning the Small Business Health Care Tax Credit. The process by which to claim the Small Business Health Care Tax Credit is described at the following link: https://www.irs.gov/uac/small-business-health-care-tax-credit-questions-and-answers-how-to-claim-the-credit

8. Carrier Participation

MHC for Small Business is open to all health carriers and health benefit plans that meet the requirements set forth in Section 1301 of the ACA. MHBE intends to contract with all licensed health carriers that meet the minimum requirements for certification as a qualified health plan

(QHP) under federal, state, and agency requirements. Licensed health carriers include an accident and sickness insurance company, a health maintenance organization (HMO), a hospital and medical services corporation, a non-profit health service plan, a dental plan organization, a multistate plan, or any other entity providing a health benefit plan.

9. Carrier Submission Process

The Maryland Health Benefit Exchange Board of Trustees annually approve the Letter to Issuers seeking to participate in Maryland Health Connection which includes the standards and certification and submission process for the marketplace. Refer to: Final 2026 Letter to Issuers Seeking to Participate in Maryland Health Connection.

10. Essential Health Benefits

In Maryland, small group health insurance plans, including the benchmark plan, are required to cover 10 essential health benefits under the Affordable Care Act (ACA). This requirement does not apply to self-insured group plans, large group plans, or grandfathered plans. The statute specifies that the following ten categories of items and services must be included:

1. Ambulatory services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care

Maryland selected the largest small group plan, the CareFirst BlueChoice HMO HRA/HSA $1500 plan, as the benchmark plan. View the full list of Maryland State-required benefits.

MARYLAND SMALL GROUP EHB BENCHMARK PLAN (2025-2027)
Issuer Name: CareFirst BlueChoice, Inc.
Product Name: BlueChoice HMO HSA/HRA
Plan Name: BlueChoice HMO HSA-HRA $1,500
Supplemented Categories (Supplementary Plan Type): None

11. Small Group Rating Rules

Maryland state law requires insurers, HMOs, and nonprofit health service plans that offer health benefit plans in the state to file rates and have them approved by the Maryland Insurance Administration (MIA) before using them.

If an individual is covered under an individual or small group health benefit plan, generally their premium will not change more often than once every 12 months. Health plans are permitted to raise or lower premiums more frequently than once every 12 months if the change is due solely to the enrollment of new family members or the removal of one or more family members from coverage under the policy.

In today's health insurance environment, the individual and small group markets remain separate. Filing for the small group can include a quarterly adjustment to the index rate as authorized by regulations.

Premiums can vary based on:
Age: Premiums may vary by age, but the variation is limited to a 3:1 ratio.
Tobacco Use: Tobacco use can be a factor, but the variation is limited to a 1.5:1 ratio.
Family Size: Premiums can vary based on family size.
Geography/Rating Area: Premiums can vary based on geographic location, but the MIA does not review rates by rating area.

12. State-defined Geographic Regions

The federal Department of Health and Human Services published final regulations regarding Market Rules and Rate Review on February 27, 2013. A part of these final rules, 45 CFR § 147.102(b)(3) provides that States may establish one or more rating areas for the individual and small group markets. Maryland established four geographic rating areas for the small group market defined by county boundaries (COMAR 31.11.08.02):

(1) "Baltimore Metropolitan Area" means Baltimore City, Baltimore County, Harford County, Howard County, and Anne Arundel County.

(2) "Eastern and Southern Maryland" means St. Mary's County, Charles County, Calvert County, Cecil County, Kent County, Queen Anne's County, Talbot County, Caroline County, Dorchester County, Wicomico County, Somerset County, and Worcester County.

(3) "Washington, D.C. Metropolitan area" means Montgomery County and Prince George's County.

(4) "Western Maryland" means Garrett County, Allegany County, Washington County, Carroll County, and Frederick County.

Rating Area ID	County Name
Rating Area 1	Anne Arundel County, Baltimore City, Baltimore County, Harford County, and Howard County
Rating Area 2	Calvert County, Caroline County, Cecil County, Charles County, Dorchester County, Kent County, Queen Anne's County, St. Mary's County, Somerset County, Talbot County, Wicomico County and Worcester County
Rating Area 3	Montgomery County and Prince George's County
Rating Area 4	Allegany County, Carroll County, Frederick County, Garrett County, Washington County

13. MHC for Small Business Enrollment

Maryland small businesses can enroll in health insurance anytime through the MHC for Small Business enrollment portal. The enrollment process begins with employers determining their eligibility through the portal. Once eligible, employers can add all eligible full-time equivalent (FTE) employees to the system. Afterward, they will receive a quote based on the selected benefits. Employers can then choose the benefit package that best suits their needs. Next, they will set open enrollment dates for their employees and ensure the required initial binder premium and ongoing monthly premiums are paid on time to maintain coverage. This streamlined process allows small businesses to easily access health insurance coverage for their employees.

Employee Enrollments, Terminations and Changes

Coverage Date	Coverage start dates should be the first day of the month.
Group Effectuation Date and Application Receipt Date	Employers that complete the enrollment process by the 10th of the month and payment is completed by the 13th of the month will have group coverage effectuated on the 1st day of the following month. Employers that complete the enrollment process between the 11th of any month and the last day of the month will have group coverage effectuated on the 1st day of the second following month.
Initial Enrollment Period	Employees must enroll in their employer's plan(s) based on their first day of becoming qualified employees. For the initial enrollment period, the employee must enroll for a date based upon the date they became a qualified employee and any applicable waiting period.
Newly Qualified Employees: Enrollment Period and Effective Date	In accordance with 45 CFR §147.116, newly qualified employees will be effective on the first day of the month following the end of their waiting period established by the employer. An employer will establish a waiting period policy that will apply to newly qualified employees. Available options include 0, 30, and 60 days.
Waiting Period Policy	In accordance with 45 CFR §147.116, during the initial group enrollment process, an employer will establish a waiting period policy that will apply to newly qualified employees. Available options through the MHC-SB include 0, 30 and 60 days.

14. Minimum Participation Requirements

Effective November 1, 2024, employers must have a minimum participation rate of at least 60 percent in order to purchase group plans through MHC for Small Business (COMAR 14.35.18.03). This requirement applies uniformly across all participating insurance companies for Employer Choice and Employee Choice coverage models. The participation of Employee

Choice groups is based upon enrollment across all of the participating carriers. This policy supersedes any previous policies regarding minimum participation requirements for Small Business MHC groups. Mid-year fluctuations in a group's participation rate do not affect its ability to maintain coverage through MHC for Small Business. Minimum participation is determined prior to initial plan enrollment, and annually prior to plan renewal.

15. Eligible Waivers of Participation

Employees may waive MHC for Small Business coverage without counting toward the employer's participation levels, pursuant to 45 CR §147.104(b)(1)(B) and 45 CFR §155.706(b)(10)(i), for the following reasons:

- Employee covered under other private group health plans
- Employee covered under public health care programs, including Medicare, Medicaid and
- CHAMPUS.
- Employee under the age of 26 and covered under their parent's health benefit plan.
- Employee has individual coverage, including Individual Marketplace coverage
- COBRA enrollee or retiree.
- Employee has small business coverage through another State or Federal Marketplace.
- Non-employees such as the owner and spouse of the owner are not included in the participation calculation unless they are full-time employees.

16. MHC for Small Business Waiver of Participation Period

There is an annual participation level waiver period for groups renewing between November 15th and December 15th of each year. During this period, carriers should not apply participation level requirements to MHC for Small Business groups. Groups submitted outside of this period would be required to meet participation levels. This waiver of participation period also applies to renewal groups.

17. Contribution Requirements

In Maryland, to qualify for the federal Small Business Health Care Tax Credit, small businesses must contribute at least 50% (35% for non-profits) of the premiums for their full-time employees and purchase coverage through Maryland Health Connection. However, employers that do not apply for the tax credit are not required to contribute to their employees' qualified health plan premiums (COMAR 14.35.18.07).

18. Premium Payment

Pursuant to COMAR 14.35.18.04(I)(1), a small employer shall pay the first month's premium to effectuate enrollment when the small employer has:

- Enrolled in a qualified health plan after coverage from a previous enrollment in a qualified health plan the individual had was terminated;
- Enrolled for the first time in a qualified health plan in the Exchange or
- Enrolled in a qualified health plan offered by a different carrier of the same holding company in the Exchange.

To effectuate coverage, the first month's premium payment (also known as a binder payment/check) must be made directly through MHC for Small Business. Groups must pay their monthly premiums to the carrier and adhere to MHC for Small Business payment guidelines and practices. Failure to pay premiums within these guidelines may result in termination of the group's contracts.

Topic	Description
Binder Payment	Binder payments are due by the 13th of the month prior to the coverage effective date. Per 45 CFR §156.285(c)(8)(iii), carriers participating in Marketplaces are required to effectuate coverage unless the Carrier receives a cancellation prior to the coverage effective date.
Carrier Payment	Employers will pay MHC-SB through the portal via ACH or mailed checks.
Employer Invoice	MHC-SB will provide each employer with an invoice containing the total premium amount due for the following month of coverage by the 10th of each month.
Invoice Payment	Employers must pay 100% of the amount due. A 95% payment threshold will be accepted, and the remaining balance will be applied to the next month's balance.
Grace Period for Payments	A grace period of 31 days will be granted for payment of premium due beginning on the premium due date, which is the first day of the coverage month. The policy should continue during the grace period, and coverage shall continue through the last day of the 31-day grace period. The coverage termination date will be the day after the last day of the 31-day grace period.

19. Establishing Waiting Periods

Effective November 1, 2024, an employer's maximum waiting period on his/her employees is 60 days (COMAR 14.35.18.04). When setting up a new group plan, employers have the option to waive the waiting period for existing employees, including for employees who were hired before the establishment of the coverage. They also have the option to apply the same waiting period for new hires and rehired employees. The new hire waiting period for coverage cannot exceed 60 calendar days from the first day of employment, with coverage beginning on the first day of the month following the end of the waiting period. You must choose a waiting period that complies with the maximum 60-day timeframe:

- Employees Coverage Effective date is the first of the month following the date of hire.
- Employees Coverage Effective date is the first of the month following 30 days from the date of hire.
- Employees Coverage Effective date is the first of the month following 60 days from the date of hire.

20. Enrollment Choice Options

Pursuant to 45 CFR 155.706(b)(3), Small businesses that purchase coverage through the MHC-SB have the option of choosing between three enrollment choice options for their employees:

- Single Plan- Small Employers may select one MHC-SB plan to offer employees.
- Employer Choice—Small employers may select a menu of MHC-SB plans across metal levels offered by one participating insurance carrier. Employees may choose from among the QHPs selected by the employer. An employer may limit the choices of plans offered by one participating insurance carrier.
- Employee Choice—Small employers may select up to two consecutive metal levels of coverage and offer coverage from those metal levels. For example, offering consecutive metal levels means an employer can offer Silver and Bronze metal level plans to employees. However, they are not able to offer non-consecutive metal levels such as Platinum and Bronze to their employees. Employers may also choose a single metal level. Employees may choose any MHC-SB plans offered by participating insurance carriers within those metal levels.

21. Product Offering

Issuers	MHC-SB Plans
CareFirst/GHMSI	15
United Healthcare/Optimum Choice/MAMSI	24
Kaiser Permanente	13
Total	**52**

22. Plan Implementation and Plan Year

Pursuant to 45 CFR 155.726(b), small businesses can implement group benefits at any time during the year. Effective dates for group coverage are always on the first of each month. The group's plan year must consist of a 12-month period beginning with the qualified employer's effective date of coverage. For coverage to start on the first of the following month, group binder payment must be submitted by the 13th of the month before the effective date. Once the employer selects a coverage start date, the system will establish a deadline to finalize your benefits package, allow an open enrollment period for employees, and make the binder payment. MHC for Small Business will not accept new business submissions through the portal

past the assigned deadline. MHC-SB will not accept paper applications or requests to enroll in writing.

23. Businesses with Out-of-State Employees)

When a business has locations in multiple states (but with a primary business address in Maryland), coverage can be obtained in one of two ways—especially if it has the same employer identification number (EIN). If it has a different EIN, the rules would change.

An employer can choose a health plan from MHC-SB to cover all eligible employees. The plans chosen should have a multi-state or national provider network. If the non-Maryland location(s) are outside this geographic region, ensuring that the employer and employees choose a national network to obtain coverage is especially important. Coverage can be offered to all full-time employees, including those outside Maryland.

24. Medicare Beneficiaries (TEFRA vs Non-TEFRA)

Altered premium rates for employees with Medicare coverage, either TEFRA or Non-TEFRA groups, are not available through MHC-SB.

TEFRA: Employers are subject to TEFRA if they have 20 or more employees on each working day for at least 20 work weeks during the preceding or current calendar year. If a group is TEFRA and the employee is active, the employee's eligible coverage pays claims primary, while Medicare pays secondary.

Non-TEFRA: Employers are not subject to TEFRA (non-TEFRA) if they have fewer than 20 employees on each working day of the last 20 or more work weeks in the preceding or current calendar year. If a group is non-TEFRA and the employee is an active employee, the employee's coverage pays claims as secondary, while Medicare pays as primary.

Retirees: Retirees are not subject to TEFRA. If a group is non-TEFRA and the member is a retired employee, the employee's coverage pays claims secondary, and Medicare pays primary.

25. Group Migration/Transition Period

Existing MHC-SB groups renewing in November 2025 will start migrating to the new MHC-SB portal in August 2025, aiming for a September 1, 2025 implementation. Authorized brokers assigned to these groups will receive training to assist with the migration process. In the month of August 2025, there will be a transition period from the direct-to-carrier process via a blackout period, which means MHC-SB will not allow groups to enroll during this period but instead will be asked to wait until September 1st, 2025, to enroll through the new enhanced enrollment portal. The Employer Enrollment Form and Checklist will be removed from the MHC for Small Business website. The 2025-2026 Employee Enrollment Form will continue to be utilized for enrolling newly hired or rehired employees until all existing groups are migrated to the portal.

26. Eligible Employees and Related Definitions

An MHC-SB eligible employee is an employee who: (1) works on a full-time basis with a normal work week of thirty or more hours but does not include an employee who works on a temporary or substitute basis, and (2) is hired to work for a period of not less than five months. The following definitions further define eligible individuals for enrollment into MHC-SB:

- **Common Law Employee-** Under common-law rules found at 40 CFR 404.1007, anyone who performs services for you is your employee if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed.

- **Full-Time Employees-** A full-time employee is a common law employee working 30 hours or more per week. They are eligible for MHC-SB-eligible benefits and will be counted against participation totals without a valid waiver. An owner and an owner's spouse/dependents may be eligible to enroll in an eligible plan even if they do not count toward the FTE count or toward any Small Business Health Care Tax Credit. An employee may also be an owner's spouse or family member. While this spouse, dependent or relative may not be eligible to count toward the Small Business Health Care Tax Credit for premiums paid toward their coverage, these employees may be eligible to enroll in an MHC-SB coverage plan provided that there is at least one enrolling common-law employee that is not the owner, spouse and/or relative of the owner. Family members include a child, grandchild, sibling or step-sibling, parent or ancestor of a parent, a step-parent, niece or nephew, aunt or uncle, son-in-law or daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law. A spouse of any of these family members should also not be counted as an employee).

- **Part-Time Employees-** A part-time employee is defined as a common law employee working less than 30 hours per week. A part-time employee may also include a seasonal worker working more than 120 days per year. An employer may elect to cover all eligible part-time employees as a class, providing that they work at least 17.5 hours per week. A common-law seasonal worker who works more than 120 days per year may be considered a part-time employee. Part-time employees are not counted against participation totals if the employer does not define them as eligible for benefits.

- **1099 / Independent Contractors-**Full-time Independent Contractors: Independent contractors (e.g., 1099 employees) working 30 or more hours per week may be considered eligible at the employer's discretion. MHBE also notes that, under our interpretation of the definition of employee at 45 CFR § 155.20, a qualified employer may not offer MHC-SB coverage exclusively to 1099 / independent contractors. In order for the coverage to be issued through the MHC-SB, a qualified employer must have at least one common law employee who enrolls.

- **Seasonal Workers**- Seasonal Workers are defined as common law employees or independent contractors working less than 120 days per year. An employer may not offer coverage to a seasonal worker working less than 120 days per year.

- **Employees with Medicare**-Per CMS Guidance dated Aug 1, 2014, Medicare beneficiaries whose employer purchases insurance coverage through the MHC-SB can be enrolled in an MHC-SB Plan. Medicare beneficiaries whose employers purchase MHC-SB coverage are treated the same as any other person with employer-group health plan insurance coverage. The statute (Section 1882(d) of the Social Security Act) prohibits the sale or issuance of duplicate coverage to an individual with Medicare, but employer-sponsored coverage is explicitly exempted from this prohibition. MHC-SB coverage is sold to the employer. An active employee with Medicare coverage can be offered group coverage based upon their classification as a full-time, part-time, or seasonal worker. An employer may choose to offer coverage to retirees, including those with Medicare coverage, at their discretion.

- **Eligible Dependents**- An eligible dependent for MHC-SB-eligible plans has the meaning stated in 26 CFR 54.9801-2 regarding coverage under an MHC-SB eligible plan because of a relationship to an eligible employee. Types of eligible dependents are as follows:
    - Spouse or Domestic Partner—An eligible spouse or domestic partner includes a lawful spouse and a same-sex or opposite-sex domestic partner.
    - Children Up to Age 26- An eligible child would include a biological child, adoption, stepchild, custody or guardianship agreement, legal dependent child of a domestic partner, foster child or grandchild if legal custody has been appointed to the member.
    - Handicapped Adult Children—An eligible child may continue past age 26 for unmarried dependents who are mentally or physically incapacitated. Certification of eligibility is required at the participating carrier's request.
- Timing of Enrollment of Dependents-An eligible dependent may enroll at the following times:
    - Along with newly hired employee
    - During small employer's annual open enrollment
    - Within 31 days of marriage, birth, adoption, obtaining legal custody or guardianship.
    - Within 31 days of lifestyle change as defined by the Health Insurance Portability & Accountability (HIPAA) special enrollment period; this applies to those who initially declined coverage.
    - Within 31 days of loss of employment (voluntary or involuntary) that results in loss of insurance (except gross misconduct).
    - Within 31 days of the expiration of COBRA coverage under another Group plan.

27. Dependent Age-Offs in Maryland MHC-SB

Section 2714 of the Public Health Service Act, in accordance with 45 CFR §147.120, states that a group health plan and a health insurance Carrier offering group or individual health insurance coverage that provides dependent coverage of children must continue to make such coverage available for an adult child until the child turns 26 years of age. The State of Maryland requires that a child may remain on their parent's plan until the day that they turn 26 regardless of whether they:

- Are married;
- Live with their parents;
- Are in school; or
- Are financially dependent on their parents.

Small businesses enrolled through MHC-SB have the option to allow dependents to remain on their parent's policy until the end of the month or the end of the year in which they turn 26.

28. Rehired Employees

According to 45 CFR 147.116 (d), an employee whose employment has terminated and who then is rehired may be treated as newly eligible upon rehire and, therefore, required to meet the

plan's eligibility criteria and waiting period anew, if reasonable under the circumstances (for example, the termination and rehire cannot be a subterfuge to avoid compliance with the 60-day waiting period limitation).

29. COBRA / Maryland State Continuation

An employer may offer COBRA or Maryland State Continuation coverage through MHC-SB. MHC-SB provides access to COBRA and Continuation administration services for these benefits. It is the employer's responsibility to comply with state and federal laws. Employers should notify enrollees of their eligibility to enroll in COBRA continuation coverage, consistent with their legal obligations as plan sponsors under COBRA or Maryland State Continuation Coverage.

If a former employee elects COBRA or State Continuation coverage after enrolling in Medicare, the former employee can keep their COBRA/continuation coverage. However, if they become eligible for Medicare after being on COBRA/continuation coverage, their COBRA/ continuation coverage will terminate.

Prohibition on Exclusion of Eligible Individuals- No policy shall exclude an eligible individual, eligible employee, or eligible dependent on the basis of age, occupation, actual or expected health condition, claims experience, duration of coverage,or medical condition.

30. MHC for Small Business Administration Rules

Topic	Business Rule
TPA of Record	In the MHC-SB context, this means a Third Party Administrator for a participating carrier.
General Agency	An entity, commonly a TPA, used by an insurance carrier to manage producer quoting and group submission.
Broker of Record	An authorized broker who is assigned to an Employer through MHC-SB. Employers may switch their Broker of Record at any time.
Enrollment Information	The MHC-SB portal will provide enrollment-related information, known as enrollment confirmation. The user's account will also contain other plan-related information.
Rate Confirmation	Carriers are required to confirm quarterly rates and distribute them to MHBE as part of the Carrier Certification Process. After the initial submission, carriers should notify MHBE of any premium or rate change.

31. Authorized Producer Role and Designation

Licensed Insurance Brokers can become authorized with MHBE by submitting an application to become contracted and completing applicable training. The authorization process is outlined on our website at: https://www.marylandhbe.com/brokers/.

No new applications for broker authorization can be submitted during our annual open enrollment period, which runs from 11/1 to 1/15.

General Agents will have access to their broker client's employer account and will be able to assist the broker with group administration and commission issues.

If brokers or General Agents have any issues with the authorization process, they may contact our Producer Operations Team at mhbe.producers@maryland.gov for additional information.

If a broker is trying to assist a small business with any aspect of the enrollment process, they must first be authorized with MHBE. Brokers may become authorized to sell only the Individual line of business, also known as Maryland Health Connection, and/or the Small Business market (MHC-SB). Failure to become authorized will result in brokers not being searchable to prospective businesses on MHC-SB. This will also lead to interruptions in commission payments.

Commission Payment: MHBE does not issue broker commission payments. This arrangement is strictly between carriers and brokers. However, MHBE will send a report to participating carriers indicating which brokers failed to comply with MHBE's authorization process to indicate that carriers will stop paying commissions until the broker's authorization is in good standing with MHBE.

A Licensed Health Broker may apply as long as the following criteria is met:

- Holds a current license issued by the Maryland Insurance Commissioner that qualifies the producer to sell health benefits in Maryland
- Maintains a sufficient level of Errors and Omissions (E&O) coverage ($1M per claim and up to $1M per year), and provides current proof of coverage to MHBE
- Is not excluded from participation in federal health programs
- Is not barred from state contracts
- Agrees to present all plans from all participating carriers and disclose appointment status to consumers. This does not apply to captive producers.
- Agrees to adhere to privacy and security standards established by the MHBE
- Agrees to work cooperatively with Connector Entities/navigators, as applicable
- Agrees to immediately report concerns or complaints from employers, employees or individual consumers to the appropriate agency in a timely manner
- Agrees to complete retraining education i.e., at least eight hours of MHBE-approved continuing education per renewal term.
- Both resident and non-resident brokers are eligible to apply.

32. Notices from Carriers and MHBE

MHC-SB will send notices electronically to the group contact, employees, and the authorized insurance producer, if applicable.

33. Employee Level Appeals

Employees who dispute their eligibility to enroll in their employer's plan would need to appeal through their employer.

34. File Transfer and Security

MHBE interfaces with participating carriers through an SFTP connection to securely send and receive information between parties, protecting sensitive information in electronic files during transmission over the open Internet. MHBE will administer and issue keys to Carriers that provide appropriate access to exchange files. MHBE provides a landing zone for the placement of incoming or outgoing files.

ShareFile Folders: ShareFile is a secure, private, non-sensitive file-sharing mechanism with carriers. This secure file-sharing mechanism houses the following documents:

Document Name	Reporting Party	Report Due Date and Additional Information
MHC-SB 834 Companion Guide	MHBE	The document details enrollment and maintenance transactions performed. It also addresses how the 834 will be handled and which data elements will be used for the most common scenarios.
MHC-SB 820 Companion Guide	NFP	This companion guide contains detailed information about how MHBE will use the ASC X12 Health Insurance Exchange Related Payments (820) transaction based on the 005010X306 Implementation Guide.MHBE will trade the following healthcare transaction types: ● 820 Premium Remittance ● 999 Functional Acknowledgments ● TA1 Interchange Acknowledgments
MHC-SB Group XML Interface Control Document (ICD)	MHBE	This ICD describes the data exchange between MHC Small Business - the source system, and Carriers and NFP - the target system.
MHC-SB Interface Control Document (ICD)	MHBE	The ICD provides the following information: ● General Processing steps of the interface ● Data flow and transformation rules ● Frequency of data exchange ● Data mapping

35. Reporting & Reconciliation

MHBE is required to report MHC-SB enrollment activity to the federal Centers for Medicare & Medicaid Services (CMS) and key stakeholders. MHBE will use the group XML and 834 to complete the CMS enrollment report template.

Issuers will also receive a report that captures enrollment activity at both the group and covered lives levels, with the time interval to be determined in partnership with issuers.