

# Small Business Programs Advisory Committee (SBPAC)

August 6, 2025



maryland  health  
connection<sup>SM</sup>

for small business

*Maryland Open Meetings Act disclaimer: Meetings are recorded and posted on MHBE's website along with meeting minutes and presentation slides*

# Agenda

## **Welcome**

*Amber Hyde & Rick Weldon, Co-chairs*

## **Recap**

*Mimi Hailegeberel, Small Business Program Manager*

## **MIA: MD Level Funded Plans**

*David Cooney, MIA Associate Commissioner*

*Brad Boban, MIA Chief Actuary*

## **Discussion**

## **Public Comment**

# Approve Meeting Minutes

- April meeting minutes were emailed to members on 8/5/2025.



**Recap**

# Increase Market-Wide Attachment Point for Level-Funding Stop-Loss Coverage

- Current Issue: Level-funding coverage is growing in Maryland's small group enrollment.
- Proposed Solution: Increase the attachment point floor from \$22,500 to \$40,000 to ensure stop-loss policies cover excess risk without replacing small group insurance.

Example: California requires a minimum specific attachment point of \$40,000 for stop-loss coverage in small groups.

- Benefits: Aligns with ACA market rules. Protects the ACA Small Group risk pool. Makes level-funded plans less attractive due to higher stop-loss insurance costs.

# Remove Metal Tier Plan Limits in Small Business Market

- Current Issue: Small group employers face limited plan choices on MHC-SB due to metal tier plan caps.
- Proposed Solution: Remove these plan limits or establish an exception process for offering more plans.
- Benefits:
  - Increases plan diversity and flexibility.
  - Encourages carriers to innovate and expand their offerings.
  - Helps prevent employers from seeking plans off the MHC-SB for more options.

# Plan Limit Increase

- For the plan year 2026-2027, MHBE will increase the number of plans allowed per metal tier from 4 plans to 8.
- Carriers operating under multiple entities will be limited to a total of 8 plans per metal tier across all entities combined.



**MIA:  
SG Level Funded Plans**



# Discussion



# Public Comment

# Market Merge ACA requirements

The ACA allows states to merge their individual and small group health insurance markets into a single risk pool, requiring insurers to participate in both markets and offer plans with the same age-rated premiums. Key requirements of a merged market include:

- Insurers must treat enrollees in both individual and small group plans as part of a single risk pool.
- Insurers must establish an index rate for the combined risk pool based on total claims costs for essential health benefits (EHBs).
- Premium rates may vary from the index rate based on specific factors like additional benefits, administrative costs, and provider networks.
- Index rates and adjustments must be made annually, unlike in unmerged markets where quarterly adjustments are allowed.
- Coverage must follow a calendar year, with policy years ending on December 31.

# Examples of State-level Merged Markets

- **Massachusetts Health Connector-** Merged individual and small group markets in 2006. Massachusetts' Section 1332 waiver allowed
  - Claims cost-based reinsurance program to be applied to both markets.
  - Quarterly adjustments to small group plans that don't renew on a calendar year basis.
  - Maintain rolling enrollment throughout the year for small businesses.
  - Massachusetts to refresh small group premium rates quarterly within its merged market.

# Vermont, DC, New York, Connecticut

State	Year Merged	Key Feature
Vermont	2014	Single risk pool for both markets. Part of broader health care reform efforts.
Washington D.C.	2014	Operates with a single risk pool. Same premium rates and risk adjustments for both markets.
New York	2014	Unified risk pool for both markets, with insurers required to offer plans covering both types of enrollees under similar terms.
Connecticut	2014	Integrated two markets under the Access Health CT exchange, creating a more efficient risk pool.

# Reinsurance Program

Reinsurance programs are state-run programs that **help stabilize health insurance markets and make coverage more affordable** for small groups. These programs can help with issues like high premiums and a lack of affordable coverage.

- Reinsurance programs reimburse insurers for some of the medical costs of high-cost enrollees.
- The programs set a threshold, called the attachment point, at which reimbursement begins.
- The programs also set a limit, called the reinsurance cap, at which reimbursement ends.

# States with SG Market Reinsurance Programs

- **Healthy New York:** This program automatically reinsures enrolled individuals and provides coverage to uninsured employees of small businesses.
- **Minnesota Premium Security Plan:** covers both the individual and small group markets. It was designed to reduce premiums and stabilize the market after the ACA's market reforms.
- **New Jersey:** New Jersey established a reinsurance program as part of its state-based market reforms. The program helps reduce premiums for both the individual and small group markets.
- **Oregon:** Oregon has a reinsurance program for the individual market, but in some years, it has extended some benefits or funding to help insurers in the small group market as well.