



Maryland Chamber of Commerce

Legislative Position

**SB 637
SUPPORT**

**Finance
Committee**

3/11/09

SB 637

Health Insurance – Small Group Market Regulation - Modifications

Bill Summary: This bill would make several changes to the small group health insurance plan, including: (1) allowing carriers more flexibility in plan design, (2) repealing the small group benefit floor, (3) allowing more geographic rating zones, (4) widening the rating bands from the community rate, and (5) allowing a limited adjustment based on health status for the first 3 years that an employer joins the small group plan.

Chamber Position: The Maryland Chamber of Commerce supports this bill. It has long been recognized that something must be done to revitalize and reform the small group health insurance plan. Trends in Maryland's small group market strongly suggest that design changes are warranted:

- There has been a 14% decline in employer participation since 1999;
- Under 40% of eligible small businesses participate in the program;
- There has been a 12% decline in covered employees; and
- A continued decline in carriers offering small group

The December 2007 Mercer report to the Maryland Health Care Commission explored options for reforming the small group plan to make it more reflective of plans in other states and more likely to attract new participants. Many of the options from that report are incorporated in this bill.

This bill is consistent with the Maryland Chamber's 2009 Business Agenda, which calls for greater flexibility in plan design and rating factors in small group. It is preferable to other health care reform proposals because it targets the hardest to insure group, small employers, while not relying on increased state expenditures or illegal play or pay provisions. We believe that by reforming small group and making it more attractive to employers and healthy insurance risks, we can help to contain health insurance costs for small employers.

For these reasons, we urge a favorable report for this bill.

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