Expanding Health Coverage for Small Businesses in Maryland

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Historical Context

- Small businesses have been less likely to offer comprehensive health benefit packages compared with large employers.
- In the 1990s Maryland made reforms to the small group market.
- In 2007 the Maryland Health Insurance Partnership (“The Partnership”) was created. The Partnership ended shortly after passage of the Patient Protection and Affordable Care Act (ACA).
- After 2010 the ACA created a single risk pool in the small group market and the Small Business Health Option Program (SHOP).
Potential Benefits of Increased SHOP Participation

- More flexibility for small businesses that currently purchase off-Exchange coverage
- New opportunities for uninsured people to receive coverage
- New opportunities for people enrolled in the individual market to potentially shift to lower-cost SHOP coverage
- More stable individual market
- Improved health equity
Current Barriers to SHOP Participation

- Lack of awareness among employers
- Business tax credit concerns
  - Burdensome application process
  - Given to small businesses at the end of the year instead of monthly
  - Only available for two years
  - May not be large enough
1. Simplify the small business tax credit formula

2. Increase funding for the small business tax credit
   - Eliminate 2-year duration limit
   - Consider whether to increase support for businesses least likely to be able to afford employer sponsored insurance
   - At least additional $15 million per year (The Partnership levels)

3. Increase funding by $5 million for MHBE administration and marketing
1332 Waiver

- These solutions require that Maryland request a 1332 waiver from the federal government.

- The Maryland General Assembly passed and Governor Hogan signed legislation in 2019 (HB1098) that requires Maryland to submit a 1332 waiver to administer tax credits monthly instead of annually to small businesses.

- The solutions proposed here could be included in the waiver application and help the state access pass-through federal funding.
Thank you!

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