

# 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

# Proposed Solutions

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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