



# Health Insurance Partnership

## *Enrollment Update*

Prepared by the  
Maryland Health Care Commission

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## **Introduction**

During the 2007 Special Session, Governor O'Malley proposed and the General Assembly enacted legislation to extend medical coverage to more than 100,000 uninsured Marylanders – including low income adults and children. The Working Families and Small Business Health Coverage Act, which became effective on July 1, 2008, created the Health Insurance Partnership, which assists small businesses in purchasing health insurance for their employees. The Partnership is specifically targeted at reducing the number of uninsured individuals in Maryland by providing subsidies to small, low-to-moderate wage firms with fewer than ten employees that have not been providing group insurance to their employees. The Maryland Health Care Commission is responsible for administering the Partnership in conjunction with four of the largest carriers in Maryland: Aetna, CareFirst BlueCross BlueShield, Coventry Health Care, and UnitedHealthcare.

This report, the fourth annual enrollment update since the inception of the program, provides detailed information about the Partnership.

## **Characteristics of the Participants in the Health Insurance Partnership**

To qualify for a premium subsidy under the Partnership, the business must not have offered group health insurance to its employees in the prior twelve months and must employ at least 2 and no more than 9 eligible employees at the time of initial application. Eligible employee means an individual who is not a temporary, seasonal, or substitute employee and works 30 hours or more per week. Owners and partners working at least 30 hours per week count as eligible employees, as do independent contractors who work at least 30 hours per week if the employer chooses to insure them.

**Enrollment:** Enrollment in this innovative program began on October 1, 2008. As of late December 2011, the Partnership has enrolled 370 businesses, with 1,066 participating employees and 1,805 covered lives. This enrollment increased about 20 percent since December 2010. Table 1 summarizes the current enrollment in the Partnership. Tables 3 and 4 at the end of the report provide an overview of the Partnership enrollment by county and region in Maryland. Of the 1,528 full-time eligible employees, 1,066 (about 70%) actually enrolled in the program. Other eligible employees not insured through the Partnership might be covered by spousal insurance, individual market insurance, or public programs.

**Firm size:** The average group size of the firms enrolled in the Partnership is 4.1 full-time employees. One-third of these businesses have only two employees, and about 45% have between 3 and 5 employees. These statistics remained constant in 2011.

**Age of participants:** Similar to 2010, the average age of the employees enrolled in the Partnership is 39.

**Wages:** The subsidy allotted to each business is determined in part by the average wage of the group. The average wage of the businesses enrolled in the Partnership has remained stable throughout the existence of this program, at approximately \$28,000.

**Table 1: Partnership Enrollment for December 2011**

<b>Small Business Subsidy Program</b>	<b>Dec 2011</b>
Number of Participating Employers	370
Number of Participating Employees	1,066
Number of Covered Individuals	1,805
Average Annual Premium Subsidy per covered individual	\$1,397
Total Annual Subsidy for existing participants	\$2,521,270

**Coverage of dependents:** Employees who obtains health insurance through an eligible small employer's health benefit plan may receive a subsidy toward the cost of employee-only coverage. However, a full-time employee seeking an additional subsidy for dependent coverage (spouse and/or children) must have a family income of less than \$75,000. Almost 700 of the employees enrolled in the Partnership have employee-only coverage. Of the remaining 368 enrolled employees taking dependent coverage, 274 receive the employee-only subsidy amount, indicating that their family adjusted gross income is more than \$75,000.

### **Amount of the Premium Subsidy**

The subsidy per employee depends on the health insurance coverage chosen and the average annual wage of the business. The premium subsidy can be up to 50% of the premium for each participating employee, not to exceed a maximum amount set by the Commission. The Commission publishes a subsidy table on the Partnership website showing the maximum annual subsidy amount for different types of coverage (employee-only, employee plus child, employee plus spouse, and family) and different average annual wage amounts. Table 2 illustrates the maximum subsidies allowed under the Partnership based on the average wage of a business.

**Table 2**  
**Abbreviated Maximum Subsidy Amounts**

Average wage	Employee only	Employee + child(ren)	Employee + spouse	Family
≤ \$30,000	\$2,500	\$3,750	\$5,000	\$6,250
\$35,001	\$1,786	\$2,678	\$3,571	\$4,464
\$40,001	\$1,190	\$1,785	\$2,381	\$2,976
\$45,001	\$595	\$892	\$1,190	\$1,488
\$50,001	\$0	\$0	\$0	\$0

The full Maximum Subsidy Table is available at <http://mhcc.maryland.gov/partnership>

When an employer purchases a group policy that combines a high deductible health plan with a tax-advantaged Health Savings Account (HSA), any planned employer contribution to an employee's HSA is treated as an additional employer contribution to the premium when calculating the subsidy. About 84% of the policies issued under the Partnership are HSA compatible plans, up from 82% in 2010.

### **Challenges/Outreach Initiatives**

A key challenge with small businesses is facilitating awareness of opportunities available to them. The Commission continues to aggressively promote and publicize the program through meetings with small businesses, media appearances, and quarterly articles in area business journals. Through partnerships with key stakeholder groups such as the National Federation of Independent Businesses (NFIB) and the Maryland Chamber of Commerce, the Commission also conducts mail and e-mail campaigns to raise awareness of the Partnership and the federal small business health care tax credit. One of the most successful and effective tools continues to be the Partnership's website (<http://mhcc.maryland.gov/partnership>), which includes useful educational materials for employers, brokers, carriers, and third party administrators. The Commission also participates in Minority Business Enterprise (MBE) Workshops by presenting an overview of the Partnership to qualifying small businesses and through an advertisement in the Governor's Office of Minority Affairs (GOMA) annual resource magazine published in The Daily Record. The Commission also had a booth at the 1<sup>st</sup> Annual Small Business Survival Summit Expo in September 2011, and will soon be mailing informative brochures to approximately 1000 small businesses.

In May 2011, the Commission launched a new information-only web portal called VIRTUAL COMPARE which allows Maryland small employers to compare select health benefit plans

offered by competing carriers in the State. Although carriers offer only a few of these health benefit plans under the subsidy program, VIRTUAL COMPARE still provides businesses with other valuable information such as comprehensive guides on choosing health insurance, direct links to important web sites like the Partnership, and an option for finding a broker.

In spite of these outreach efforts, take-up among small businesses not currently insured continues to be slow, mainly due to the current state of the economy, which poses significant challenges for small businesses. However, most participating businesses continue to renew their policies, and some new businesses are, in fact, enrolling in the Partnership each month.

### **Small Business Health Care Tax Credit for Small Employers**

The Affordable Care Act (ACA) enacted in 2010 provides qualifying small businesses with a small business health insurance tax credit of up to 35 % of the premium paid by the employer, increasing to 50% in 2014. Eligibility rules for the federal tax credit program are very similar to those of the Maryland subsidy, except that the Maryland subsidy is available only to employers who have not offered coverage in the past 12 months, the federal tax credit is available only to employers who pay at least 50% of the premium, and employees and wages are counted somewhat differently under the two programs. For purposes of calculating the federal tax credit, the state subsidy is counted as an employer contribution, so some small, low-wage firms could see the cost of their insurance reduced by up to 80% through the combination of a state subsidy and a federal tax credit. Despite the enactment of the federal tax credit, there has not yet been an increase in the rate of new enrollment in the Partnership program. Since the federal tax credit is available to small, low wage employers currently offering insurance, the credit makes it more affordable for these businesses to continue offering insurance coverage.

Employers who are currently not offering health insurance to their employees will continue to face many of the same economic challenges and therefore the Partnership expects only modest growth in 2012.

**Table 3: Health Insurance Partnership  
Enrollment by County  
As of 12/20/2011**

<b>County</b>	<b>Number Employers</b>	<b>Number Employees Enrolled</b>	<b>Covered Lives</b>	<b>Annual Subsidy</b>
ALLEGANY	8	25	42	\$62,587
ANNE ARUNDEL	27	69	129	\$176,684
BALTIMORE CITY	24	84	135	\$198,726
BALTIMORE COUNTY	49	131	220	\$313,873
CALVERT	4	7	11	\$17,970
CAROLINE	5	14	19	\$34,280
CARROLL	12	33	46	\$77,691
CECIL	5	15	22	\$30,861
CHARLES	4	11	13	\$25,276
DORCHESTER	4	11	18	\$21,237
FREDERICK	28	70	123	\$163,241
GARRETT	3	12	13	\$28,524
HARFORD	25	64	125	\$162,427
HOWARD	13	35	59	\$85,513
KENT	5	13	22	\$29,814
MONTGOMERY	46	168	256	\$335,234
PRINCE GEORGE'S	21	65	137	\$145,389
QUEEN ANNE'S	12	20	43	\$60,007
ST. MARY'S	4	23	33	\$58,442
SOMERSET	4	6	12	\$21,833
TALBOT	5	19	26	\$47,318
WASHINGTON	16	42	79	\$106,720
WICOMICO	25	70	123	\$169,424
WORCESTER	21	59	99	\$148,200
<b>Total</b>	<b>370</b>	<b>1,066</b>	<b>1,805</b>	<b>\$2,521,270</b>

**Table 4: Health Insurance Partnership  
Enrollment by Region in Maryland**  
*As of 12/20/2011*

<b>REGIONS</b>	<b>Number of Employers</b>	<b>Number Employees Enrolled</b>	<b>Covered Lives</b>	<b>Annual Subsidy</b>
<b>BALTIMORE METROPOLITAN</b>	138	383	668	\$937,223
<b>EASTERN SHORE</b>	86	227	384	\$562,973
<b>SOUTHERN MARYLAND</b>	12	41	57	\$101,688
<b>WASHINGTON METROPOLITAN</b>	67	233	393	\$480,623
<b>WESTERN MARYLAND</b>	67	182	303	\$438,763
<b>Total</b>	<b>370</b>	<b>1,066</b>	<b>1,805</b>	<b>\$2,521,270</b>