



Health Insurance Partnership

Enrollment Update

January 1, 2010

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 and moderate wage firms with fewer than ten employees that have not previously been able to afford insurance. 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 United HealthCare.

This report, the second 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 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. Independent contractors who work at least 30 hours per week and whom the employer chooses to insure also are counted as eligible employees. Moreover, owners and partners working at least 30 hours per week at the business count as eligible employees.

Enrollment: Enrollment in this innovative program began on October 1, 2008. As of early December 2009, the Partnership has enrolled 221 businesses, with 646 participating employees and 1,050 covered lives. 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.

Firm size: Currently, the average group size of the firms enrolled in the Partnership is 3.9 full-time employees (down from 4.3 employees during the first few months of enrollment). Of the 221 firms enrolled, 75 are two-person groups. Of the 871 full-time eligible employees, 646 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.

Age of participants: The average age of the employees enrolled in the Partnership remains at 38.

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 is approximately \$28,000. Of the 646 enrolled employees, 276 (or almost 43%) have an annual wage of less than \$30,000.

Table 1: Partnership Enrollment for December 2009

Small Business Subsidy Program	Dec-09
Number of Participating Employers	221
Number of Participating Employees	646
Number of Covered Individuals	1,050
Average Annual Premium Subsidy per covered individual	\$1,232
Total Annual Subsidy for existing participants	\$1,293,484

Dependents

Any full-time employee who obtains health insurance through an eligible small employer’s benefit plan may receive a subsidy toward the cost of employee-only coverage. 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.

Coverage of dependents: Of the 646 employees enrolled in the Partnership, over 70% (459) have employee-only coverage. Of the 187 employees taking dependent coverage, 141 receive the employee-only subsidy amount, indicating that their family adjusted gross income is more than \$75,000.

Previous coverage: About 44% of the employees enrolled in the Partnership reported that they did not have any other form of insurance in the previous 3 months before enrolling in the Partnership. Of those with prior coverage, 122 had a non-MHIP individual policy and another 20 were covered through their spouse’s employer.

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. Each year, the Commission publishes a premium schedule on the Commission’s website showing the maximum 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. The average annual premium subsidy per covered employee is about \$2,000, (up slightly from last year). The average annual premium subsidy per covered individual is \$1,232.

Effective October 1, 2009, the Commission increased the maximum allowable subsidies by approximately 25% to bring the subsidy in line with premium increases since the subsidies were first set nearly two years ago. The Commission also raised the maximum average group wage eligible for a full subsidy from \$25,000 to \$30,000. These changes, effective at initial enrollment of a new firm or renewal of a current participant, were designed to increase the appeal of the Partnership program to small businesses not currently offering a health benefit and to assist in retaining current participants. They also are intended to be an inducement to brokers to more aggressively market to this segment of the small group market.

Because some employers prefer health insurance 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. Ninety-four percent of the policies issued under the Partnership are HSA compatible plans. This is primarily due to the fact that all but one of the thirteen products offered by the four participating carriers has a built-in HSA component.

Table 2
Abbreviated Maximum Subsidy Amounts
Effective October 1, 2009

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>

Challenges

The key challenge with any new program is facilitating awareness among the target population. The Commission aggressively publicized the program during its first year through meetings with small businesses, through media appearances, and through partnerships with key stakeholder groups such as the NFIB and Chamber, and continues to publish Partnership Updates and Press Releases. One of the most successful and effective continuing efforts is the Partnership's website (<http://mhcc.maryland.gov/partnership>), which includes an abundance of useful education materials for employers, brokers, agents, carriers, and third party administrators. For instance, the Partnership website includes two voice-over videos: the first provides an overview of the Partnership to assist employers; and the second assists in training brokers on the Partnership application and enrollment process. In a public-private partnership with the Commission, the Maryland Association of Health Underwriters (MAHU) remains committed to the development and promotion of a web site to link small business owners with local insurance agents involved with the Partnership. The Commission also participates in various Minority Business Enterprise (MBE) Workshops by presenting an overview of the Partnership to qualifying small businesses.

In spite of these outreach efforts, take-up continues to be slow, mainly due to the current state of the economy, which poses particular challenges for small businesses. As noted in last year's report, businesses with fewer than 10 workers and low average annual wages are unlikely to offer health insurance in the face of economic uncertainty. Even with the recent increases to the subsidy available through the Partnership, the Commission foresees many low wage small businesses choosing not to offer health insurance until the economy is more stable. Despite the slow growth, most of the businesses that enrolled in Year 1 are renewing their policies and some new businesses continue to enroll each month.

In conclusion, businesses are also unlikely to begin offering insurance unless economic conditions improve and small businesses are reasonably sure the Partnership will be available for a number of years. The worst insurance scenario for a small employer would be to decide to offer insurance to employees and then have to end the coverage if the subsidy were to cease. Fortunately, the commitment of Governor O'Malley and the General Assembly to assist small, low wage businesses in providing a health benefit is shared on the federal level: the current federal health insurance reform bills pending before Congress also include premium assistance programs for these businesses.

**Table 3: Health Insurance Partnership
Enrollment by County**
As of 12/04/2009

County	Number Employers	Number Employees Enrolled	Covered Lives	Annual Subsidy
ALLEGANY	1	2	2	\$2,976
ANNE ARUNDEL	18	42	72	\$97,175
BALTIMORE CITY	14	47	65	\$77,665
BALTIMORE COUNTY	27	77	125	\$152,379
CALVERT	5	10	15	\$17,322
CAROLINE	1	5	9	\$19,916
CARROLL	7	16	20	\$32,974
CECIL	5	18	28	\$33,168
CHARLES	4	11	16	\$18,278
DORCHESTER	4	13	17	\$18,872
FREDERICK	15	39	63	\$72,177
GARRETT	2	8	11	\$16,891
HARFORD	8	26	56	\$67,170
HOWARD	6	19	32	\$40,327
KENT	2	5	10	\$8,213
MONTGOMERY	30	99	152	\$176,367
PRINCE GEORGE'S	18	55	107	\$107,090
QUEEN ANNE'S	3	7	9	\$16,844
ST. MARY'S	1	5	5	\$8,940
SOMERSET	1	2	2	\$4,800
TALBOT	6	23	38	\$48,704
WASHINGTON	12	35	57	\$63,174
WICOMICO	20	49	89	\$110,171
WORCESTER	11	33	50	\$81,891
Total	221	646	1,050	\$1,293,484

**Table 4: Health Insurance Partnership
Enrollment by Region in Maryland**
As of 12/04/2009

REGIONS	Number of Employers	Number Employees Enrolled	Covered Lives	Annual Subsidy
BALTIMORE METROPOLITAN	73	211	350	\$434,716
EASTERN SHORE	53	155	252	\$342,580
SOUTHERN MARYLAND	10	26	36	\$44,540
WASHINGTON METROPOLITAN	48	154	259	\$283,456
WESTERN MARYLAND	37	100	153	\$188,192
Total	221	646	1,050	\$1,293,484