



# 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, (effective 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 fifth 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 2012, the Partnership has enrolled 425 businesses, with 1,171 participating employees and 1,932 covered lives – a modest increase from December 2011. Of the 1,680 full-time eligible employees, 1,171 (about 70%) actually enrolled in the program (a similar statistic from last year). Other eligible employees not insured through the Partnership might be covered by spousal insurance, individual market insurance, or public programs. 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.

**Table 1: Partnership Enrollment and Cost as of December 2012**

<b>Small Business Subsidy Program</b>	<b>Dec 2012</b>
Number of Participating Employers	425
Number of Participating Employees	1,171
Number of Covered Individuals	1,932
Average Annual Premium Subsidy per covered individual	\$1,482
Total Annual Subsidy for existing participants	\$2,863,097

**Firm size:** The average group size of the firms enrolled in the Partnership is 4.0 full-time employees. One-third of these businesses have only two employees, and about 47% have between 3 and 5 employees. These statistics remained relatively constant between 2011 and 2012.

**Age of participants:** The average age of the employees enrolled in the Partnership is 40. The average age has remained relatively constant throughout the duration of the program. About 9% of employees are 25 or younger; 38% are between the ages of 26 and 39; about 23% are age 40 to 49; and 30% are age 50 or older.

**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, between \$27,500 and \$28,000. Approximately 57% of the businesses have a group average wage of \$30,000 or less; about 32% have average wages between \$30,000 - \$40,000; and about 11% have wages averaging between \$40,000 - \$50,000.

With regard to annual wages of enrolled employees, (including incomes of owners, partners, or spouses), approximately 45% earn \$30,000 per year or less; about 25% earn between \$30,000 - \$40,000; about 18% earn between \$40,000 - \$50,000; and 11% have wages or income of \$50,000 or more per year.

**Coverage of dependents:** Employees who obtain health insurance through an eligible small employer's health benefit plan may receive a subsidy toward the cost of employee-only coverage. However, employees who enroll and seek an additional subsidy for dependent coverage (spouse and/or children) must have a family adjusted gross income of less than \$75,000. About 795 of the employees enrolled in the Partnership have employee-only coverage. Of the remaining 376 enrolled employees taking dependent coverage, only 24 received a subsidy

for dependent coverage, while 352 (or almost 94%) 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**

<b>Average Wage</b>	<b>Employee only</b>	<b>Employee + child(ren)</b>	<b>Employee + spouse</b>	<b>Family</b>
≤ \$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 promised employer contribution to an employee’s HSA is treated as additional employer contribution to the premium when calculating the subsidy. Similar to 2011, about 84% of the policies issued under the Partnership are high deductible HSA compatible plans, and employers are promising HSA contributions in 80% of those plans. Approximately 70% of the businesses are fulfilling that promise. The Commission routinely audits the program and will ensure compliance with this rule.

## **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, articles in area business journals and continuous conversations with area brokers. 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. In early 2012, the Commission also mailed informative brochures to approximately 1000 small businesses.

In May 2011, the Commission launched an information-only web portal called VIRTUAL COMPARE which allows Maryland small businesses 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 such as the Partnership, IRS Small Business Health Care Tax Credit, and an option for finding a broker.

Take-up among small businesses not currently insured continues to be modest due to longstanding fears about the costs of offering health insurance to employees. In Maryland, the 2011 MEPS-IC survey shows that about 39 percent of small employers offer coverage. The slow economic recovery from the 2008 recession also contributes to the slow take-up rate. 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 for tax years 2010 – 2013 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, while the federal tax credit is available only to employers who pay at least 50% of the premium, and counts employees and wages somewhat differently. 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 availability of the federal tax credit to make the continued offering of insurance more affordable, there has been very low take up nationally, and it does not appear to have stimulated an increase in the rate of new enrollment in the Partnership.

**Table 3: Health Insurance Partnership  
Enrollment by County  
As of 12/27/2012**

<b>County</b>	<b>Number Employers</b>	<b>Number Employees Enrolled</b>	<b>Covered Lives</b>	<b>Annual Subsidy</b>
ALLEGANY	9	29	43	\$70,182
ANNE ARUNDEL	31	78	133	\$197,737
BALTIMORE CITY	30	84	143	\$222,704
BALTIMORE COUNTY	57	153	266	\$370,150
CALVERT	4	10	14	\$18,853
CAROLINE	5	17	24	\$40,101
CARROLL	12	31	47	\$78,839
CECIL	4	10	20	\$21,138
CHARLES	6	17	21	\$41,334
DORCHESTER	6	12	22	\$29,773
FREDERICK	34	81	148	\$208,002
GARRETT	4	13	14	\$28,591
HARFORD	27	77	132	\$217,146
HOWARD	16	44	67	\$100,784
KENT	5	13	15	\$22,448
MONTGOMERY	44	152	243	\$330,606
PRINCE GEORGE'S	26	84	140	\$163,613
QUEEN ANNE'S	14	25	46	\$84,454
ST. MARY'S	4	20	30	\$51,007
SOMERSET	4	5	14	\$23,122
TALBOT	6	23	29	\$50,705
WASHINGTON	13	32	53	\$86,086
WICOMICO	33	89	153	\$204,216
WORCESTER	31	72	115	\$201,507
<b>Total</b>	<b>425</b>	<b>1,171</b>	<b>1,932</b>	<b>\$2,863,097</b>

**Table 4: Health Insurance Partnership  
Enrollment by Region in Maryland**  
*As of 12/27/2012*

<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>	161	436	741	\$1,108,521
<b>EASTERN SHORE</b>	108	266	438	\$677,463
<b>SOUTHERN MARYLAND</b>	14	47	65	\$111,194
<b>WASHINGTON METROPOLITAN</b>	70	236	383	\$494,219
<b>WESTERN MARYLAND</b>	72	186	305	\$471,700
<b>Total</b>	<b>425</b>	<b>1,171</b>	<b>1,932</b>	<b>\$2,863,097</b>