



Health Insurance Partnership

Enrollment Update

January 1, 2009



Introduction

Over the past two years, Maryland has made important strides in providing health care coverage to uninsured citizens. During the 2007 Special Session, Governor O'Malley proposed and the General Assembly passed legislation that will 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 pleased to be administering this program in conjunction with four of the largest private health plans, CareFirst Blue Cross Blue Shield, Coventry Health Care, United Healthcare and Aetna. Enrollment in this innovative program began October 1, 2008.

This report, which was requested by the Chairs of the Senate Finance and the House Health and Government Operations Committees, provides detailed information about Partnership enrollment.

Characteristics of Participants in the Health Insurance Partnership

Enrollment. As of January 1, the Partnership has enrolled 106 businesses and has 332 participating employees and 554 covered lives.

Firm size. At the time of initial application, the business must employ at least 2 and no more than 9 eligible employees. 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 more than 30 hours a week and whom the employer chooses to insure are counted as eligible employees. Owners and partners working at least 30 hours per week at the business count as eligible employees. The average group size of the firms enrolled in the Partnership is 4.3 full-time employees. Of the 106 firms, 27 are two-person groups. Of these 457 full-time employees, 332 enrolled in the program. Other employees may be covered either by spousal insurance, individual market insurance, or public programs.

Age of participants. The average age of the employees enrolled in the Partnership is 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 \$28,197. Of the 332 enrolled employees, 160 have an annual wage of less than \$25,000.

Small Business Subsidy Program	Nov-08	Dec-08	Jan-09
Number of Participating Employers	48	79	106
Number of Participating Employees	151	246	332
Number of Covered Individuals	245	404	554
Average Annual Premium Subsidy per covered individual	\$1,165	\$1,135	\$1,129
Total Annual Subsidy for existing participants	\$285,457	\$458,534	\$625,640

Coverage of Dependents. Any full-time employee who obtains health insurance through an eligible small employer’s 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. Of the 332 employees enrolled in the Partnership, over half (226) have employee only coverage. Of the 106 employees taking dependent coverage, 86 receive the employee-only subsidy amount, indicating that their family adjusted gross income is more than \$75,000.

Previous coverage. About 60 percent 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, 72 had a non-MHIP individual policy and another 20 were covered through their spouse’s employer.

Enrollment by county. Upon the program’s inception, there was concern among members of the General Assembly that enrollment would be driven by the counties with the largest population. In the first two months of the Partnership’s life, enrollment was disproportionately made up of businesses from the Eastern Shore and Western Maryland for two different reasons. On the Eastern Shore a very active broker/agent community heavily promoted the program throughout their community. In Western Maryland, the chambers of commerce and local health departments took an active role in promoting the program and MHCC staff members made multiple trips to this part of the State to discuss the program to interested businesses and community leaders. Enrollment by county and region is reported in Tables 1 and 2. .

Amount of the Premium Subsidy

The subsidy per employee depends on the health insurance coverage chosen and the average annual wage for the business. The premium subsidy is up to 50% of the premium for each participating employee, not to exceed a maximum amount set by the Commission. Each year, the Commission will publish 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.

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 premium contribution in calculating the premium subsidy. Ninety-five percent of the policies issued in the Partnership are HSA compatible. This is primarily due to the fact that only one of the nine policies offered by the four participating carriers does not have a built in HSA component.

The average annual premium subsidy per covered employee is \$1884. The average annual premium subsidy per covered individual is \$1,129

Abbreviated Maximum Subsidy Table

Effective October 1, 2008

Average wage	Employee only	Employee + child(ren)	Employee + spouse	Family
<\$25,000	\$2000	\$3000	\$4000	\$5000
\$30,001	\$1538	\$2308	\$3077	\$3846
\$35,001	\$1154	\$1731	\$2308	\$2885
\$40,001	\$769	\$1154	\$1538	\$1923
\$45,001	\$385	\$577	\$769	\$962
\$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 Partnership's new website, <http://mhcc.maryland.gov/partnership> has driven web utilization and has significantly outpaced all of the Commission's most frequently visited sites. For the past eight months the MHCC has been actively promoting the Partnership to small businesses and health insurance agents and brokers through statewide meetings.

The MHCC has partnered with state and local business associations, county Departments of Health, local chapters of health underwriters, state agencies and members of the General Assembly to promote the Partnership to small businesses. A summary of these activities are included in Appendix A. The business community sponsored a series of regional meetings throughout the month of August which garnered a significant amount of media coverage. On November 10th the Baltimore Association of Health Underwriters (insurance brokers and agents) launched a \$40,000 outreach campaign in the Baltimore metro area. This campaign will include paid radio spots, print ads, earned news media, billboards and a phone bank operation. The Maryland Association of Health Underwriters has committed to the development and promotion of a web tool to link small business owners with local insurance agents involved with the Partnership and educational material. The estimated cost of this project is \$25,000 annually. These are just a few examples of the key public-private partnerships that have developed as a result of the health care expansion. In addition to the planned adjustments to the maximum subsidy amounts, the MHCC will be launching a targeted mailing to inform potentially eligible small businesses about the Partnership. These initiatives are expected to enhance enrollment.

In spite of the efforts, take-up has been slow early in the life of the Partnership. The primary reason is the economic downturn. Businesses with fewer than 10 workers and a low average annual wage are unlikely to offer health insurance in the face of economic uncertainty. Even with the substantial subsidy available through the Partnership, we anticipate that many low wage small businesses will not choose to offer health insurance until the economy is more stable.

Businesses are also unlikely to begin offering insurance unless they 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. Both the state budget situation and remarks about the Partnership by some legislators may have raised questions about the continuation of the Partnership, even though the Partnership needs no general funds until FY 2011. The MHCC will continue to work with members of the General Assembly and interested stakeholders to facilitate enrollment in the Partnership.

Table 1
Enrollment by County
As of 01/01/2009

County	Number Employers	Number Employees Enrolled	Covered Lives	Annual Subsidy
ALLEGANY	0	0	0	\$0
ANNE ARUNDEL	9	18	37	\$36,960
BALTIMORE CITY	2	6	7	\$10,372
BALTIMORE COUNTY	13	41	60	\$75,167
CALVERT	3	13	21	\$25,983
CAROLINE	0	0	0	\$0
CARROLL	3	7	8	\$8,925
CECIL	3	15	26	\$28,610
CHARLES	3	13	21	\$26,127
DORCHESTER	2	6	6	\$6,887
FREDERICK	7	16	21	\$30,268
GARRETT	1	5	8	\$9,502
HARFORD	4	16	32	\$38,575
HOWARD	3	10	17	\$20,156
KENT	0	0	0	\$0
MONTGOMERY	13	44	78	\$79,843
PRINCE GEORGE'S	11	47	76	\$76,282
QUEEN ANNE'S	0	0	0	\$0
ST. MARY'S	0	0	0	\$0
SOMERSET	0	0	0	\$0
TALBOT	6	25	37	\$44,212
WASHINGTON	10	21	39	\$42,041
WICOMICO	7	13	25	\$23,157
WORCESTER	6	16	35	\$42,573
Total	106	332	554	\$625,640

Table 2
Enrollment by Region
As of 01/01/2009

REGIONS	Number of Employers	Number Employees Enrolled	Covered Lives	Annual Subsidy
BALTIMORE METROPOLITAN	31	91	153	\$181,230
EASTERN SHORE	24	75	129	\$145,439
SOUTHERN MARYLAND	6	26	42	\$52,110
WASHINGTON METROPOLITAN	24	91	154	\$156,125
WESTERN MARYLAND	21	49	76	\$90,736
Total	106	332	554	\$625,640

Appendix A

Marketing & Outreach

Meetings & Presentations

Business Groups & County Departments of Health and Economic Development

NFIB Focus Group (February 11, 2008)

Presentation and information booth at Baltimore County Health Care Access and Networking Breakfast (April 30, 2008)

Presentation to the Ministry of Business Owners (May 8, 2008)

Meeting with Business Associations (May 23, 2008)

Montgomery County Department of Economic Development (August 7, 2008)

Howard County, Office of the Executive and local business organizations (August 20, 2008)

Regional town meetings in conjunction with business associations:

- Eastern Shore Area (August 20, 2008)
- Western Maryland Area (August 26, 2008)
- Prince George's County Area (August 26, 2008)
- Montgomery County Area (August 27, 2008)
- Baltimore Area (August 27, 2009)
- Southern Maryland Area (August 28, 2008)

Rotary Club of Salisbury (August 28, 2008)

Maryland Retail Association Annual Leadership Conference (September 15, 2008)

Millers Island Edgemere Business Association (September 17, 2008)

Montgomery County Small Business Seminar (September 24, 2008)

Garrett County Chamber of Commerce (September 29, 2008)

Cecil County Small Business Forum (September 30, 2008)

Pasadena Business Association (October 1, 2008)

Allegany County Department of Health (October 9, 2008)

Northern Anne Arundel County Chamber of Commerce (November 13, 2008)

Frederick County, Departments of Health and Economic Development (November 17, 2008)

Presentation to Baltimore City small businesses and Baltimore City Chamber of Commerce, hosted by Del. Shawn Tarrant (December 9, 2008)

Wheaton Business Innovation Center (February 18, 2009)

Ocean City Chamber of Commerce (date forthcoming)

Presentations to Licensed Health Insurance Producers

Baltimore Association of Health Underwriters (March 5, 2008)
CareFirst BCBS Broker Council (March 28, 2008)
Annual MAHU/NAIFA Expo (May 15, 2008)
Eastern Shore Association of Health Underwriters (June 19, 2008)
MHCC-sponsored meetings (July 21, 2008 and July 23, 2008)
Greater Washington Association of Health Underwriters (August 7, 2008)
Eastern Shore Association of Health Underwriters (August 21, 2008)
Baltimore Association of Health Underwriters (September 10, 2008)

Maryland Business Associations that are actively promoting the Partnership

- National Federation of Independent Business
- Maryland State and local Chambers of Commerce
- Maryland Retailers Association
- Restaurant Association of Maryland
- Maryland United Licensees Beverage Association
- Maryland Hispanic Chamber of Commerce
- Baltimore Hispanic Chamber of Commerce
- Washington/MD/DE Service Station & Automotive Repair Association
- Maryland State Licensed Beverage Association
- Chesapeake Automotive Business Association
- Maryland-Washington Minority Contractors Association
- Mid-Atlantic Petroleum Distributors Association

Media Coverage to Date

- **Stormy Weather, Patches of Clearing**, *Business Monthly*, January 5, 2009
- **In Gaithersburg, O'Malley Touts Plan for Small Firms**, *Washington Post*, November 7, 2008
- **Group Spreading the Word About Small Business Health Insurance Program**, *NewsChannel 8*, November 6, 2008
- **Programs make more Marylanders eligible for insurance**, *Cumberland Times-News*, October 10, 2008
- **Wanted: Applicants for state's new health insurance subsidy program**, *Business Gazette*, October 3, 2008
- **States Act to Reduce Insurance Costs**, *New York Times*, October 1, 2008
- **Maryland now taking applicants for new small-group health plan**, *Insurance & Financial Advisor*, September 16, 2008
- **Enrollment opens for state-sponsored health insurance for small business**, *Baltimore Examiner*, September 10, 2008
- **Small Business Partnership**, *Sheliah Kast*, *WYPR*, September 5, 2008
- **State vows health help**, *Southern Maryland Newspapers*, September 3, 2008
- **Small business owners excited about health program, but some left out**, *Hagerstown Herald-Mail*, August 31, 2008
- **Md. Program helps small businesses provide health insurance for workers**, *Hagerstown Herald-Mail*, August 30, 2008
- **Business subsidy health plan draws crowds**, *The Business Gazette*, August 29, 2008
- **Md. Program helps small businesses provide health insurance for workers**, *The Herald Mail*, August 30, 2008
- **Small business, big break**, *Baltimore Sun*, August 26, 2008
- **Maryland's new Health Insurance Program**, *Business WBIS Radio 1190*, August 25, 2008
- **\$15M program to help pay health insurance costs**, *Daily Record*, August 24, 2008
- **Maryland Health Care Commission and the New Health Insurance Partnership**, *True Oldies 105.9*, August 17, 2008
- **New program offers firms money for health insurance**, *Frederick News-Post*, August 14, 2008
- **Insurance help on way for small biz**, *The Capital*, August 10, 2008
- **Health care subsidies explained**, *Business Notes*, *Montgomery County Gazette*, July 30, 2008
- **You Your Health**, *Baltimore Business Journal*, July 25, 2008
- **Maryland Offers Health Plan Subsidy for Micro Firms**, *Washington Post*, July 5, 2008
- **Agents, brokers 'vital' to new small group plan**, *Insurance & Financial Advisor*, July
- **New Partnership Making Health Insurance More Affordable For Small Businesses**, *Your 4 State.com*, June 25, 2008
- **Maryland targeting 1,500 small businesses for health insurance subsidies**, *Baltimore Business Journal*, June 23, 2008
- **Insurance program to cover more employees**, *Business Gazette*, June 6, 2008
- **Bigger businesses to be eligible for insurance subsidy**, *Daily Record*, June 2, 2008