



House Bill 552

Health Insurance - Medical Stop-Loss Insurance - Small Employers

MACo Position: **OPPOSE**

To: Finance Committee

Date: April 13, 2015

From: Robin Clark

The Maryland Association of Counties **OPPOSES** HB 552. This bill would make numerous changes to state standards for self-insured employer-paid health care offerings. Among other changes, the bill raises the minimum aggregate attachment point for stop-loss insurance policies issued to local governments and employers seeking to self-insure. This requirement, and other components of the bill, would interfere with reasonable efforts of county governments to provide cost-effective health insurance to their employees.

Currently, county governments (like other comparably sized employers) have various options in offering health insurance coverage for employees. Some choose to purchase full insurance policies and work with one or more conventional carriers to offer coverage, while others self-insure and procure administrative services only from a carrier. For those that elect to self-insure, they can set the parameters of their coverage, based on the claims risk they are willing to assume directly. Numerous county and municipal governments have formed the Maryland Local Government Health Cooperative, to aggregate their buying power to provide benefits of self-insurance to smaller government units. With these several options, each jurisdiction is empowered to make the arrangements that best suit the needs of the government and employees, through a publicly accountable process.

HB 552 would set an arbitrary state minimum attachment point – meaning any employer choosing to become self-insured, including a county, would be obligated to retain risk of 120% of expected claims. This legislation limits the incentives for governments seeking to join the Local Government Health Cooperative, diminishing their options for providing health insurance and threatening the long-term viability of the Cooperative. MACo opposes this intrusion into local matters.

HB 552 imposes a new standard for health insurance on county governments, and removes their local flexibility in choosing their coverage structure. For these reasons, MACo **OPPOSES** HB 552 and urges an **UNFAVORABLE** report.