



Via Electronic Mail

August 9, 2024

Marie Grant
Commissioner
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, MD 21202
listening.sessions@maryland.gov

Re: Maryland Insurance Administration Study on Professional Employer Organizations

Dear Commissioner Grant,

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

I am writing to express our support for the Maryland Insurance Administration's (MIA) study on Professional Employer Organizations (PEOs) in Maryland, as mandated by SB821/HB827 of the 2024 legislative session. We appreciate the MIA's commitment to thoroughly examining the role of PEOs in Maryland, particularly regarding health coverage offerings.

As you are aware, PEOs provide critical services to businesses, including payroll, human resources, workers' compensation, and health care benefits. For many small and medium-sized businesses, partnering with a PEO is essential to maintaining compliance with employment laws, reducing administrative burdens and achieving cost efficiencies. PEOs serve as both administrative and strategic partners, enabling businesses to focus on growth and competitiveness.

The Chamber has increasingly heard from our members, especially small businesses, about the challenges they face in Maryland when it comes to participating in PEO-sponsored benefits, including aggregated health care plans. Maryland stands out as one of only three states, along with Alaska and Maine, that does not permit PEOs to offer aggregated health care plans to their clients. This limitation places our businesses at a competitive disadvantage compared to those in the 47 states and the District of Columbia, where such plans are allowed.



It is important to note that PEOs are not insurers but rather group purchasers that facilitate access to fully insured, ACA-compliant group health plans provided by licensed carriers. PEOs offer a way for small businesses to access benefits that would otherwise be out of reach. Allowing PEOs flexibility to offer aggregated health coverage could provide significant advantages for Maryland businesses, enabling them to attract and retain top talent.

Marketplace dynamics ensure that PEO-sponsored plans generally provide coverage to all eligible employees, regardless of individual health conditions or past claims, functioning in the same way as traditional employer-sponsored plans. PEOs operating in other states have shown that they can coexist alongside robust markets without adversely impacting the broader market.

We believe that data and research on the potential effects of allowing PEOs greater flexibility in offering health coverage for businesses is a helpful and important step for the state and General Assembly to make informed decisions, ultimately resulting in businesses being able to stay competitive and attract employees, creating a positive work environment.

We look forward to this study's results and stand ready to collaborate with MIA in any way that may be helpful. Thank you for your review of our comments.

Sincerely,

Mary D. Kane
President & CEO
Maryland Chamber of Commerce