

Final MHC for Small Business Regulations

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Review

- We are back before the board today to request *final* approval of small business program regulations, and authorization to submit them for State mandated approval.
- MHBE is proposing regulatory updates to MHC for Small Business operations, regarding changes to the **minimum participation rate** and **waiting period** requirements for qualified employers offering coverage through MHC for Small Business.



14.35.18 Proposals

1. Minimum Participation Rate (MPR) ([14.35.18.03](#)):

- Reduce the employee MPR for a qualified employer's SHOP eligibility to **60%** uniformly.
 - Current regulation sets the MPR at 75% for the Employee Choice model, and is left to the discretion of the carrier but may not exceed 75% for Employer Choice model

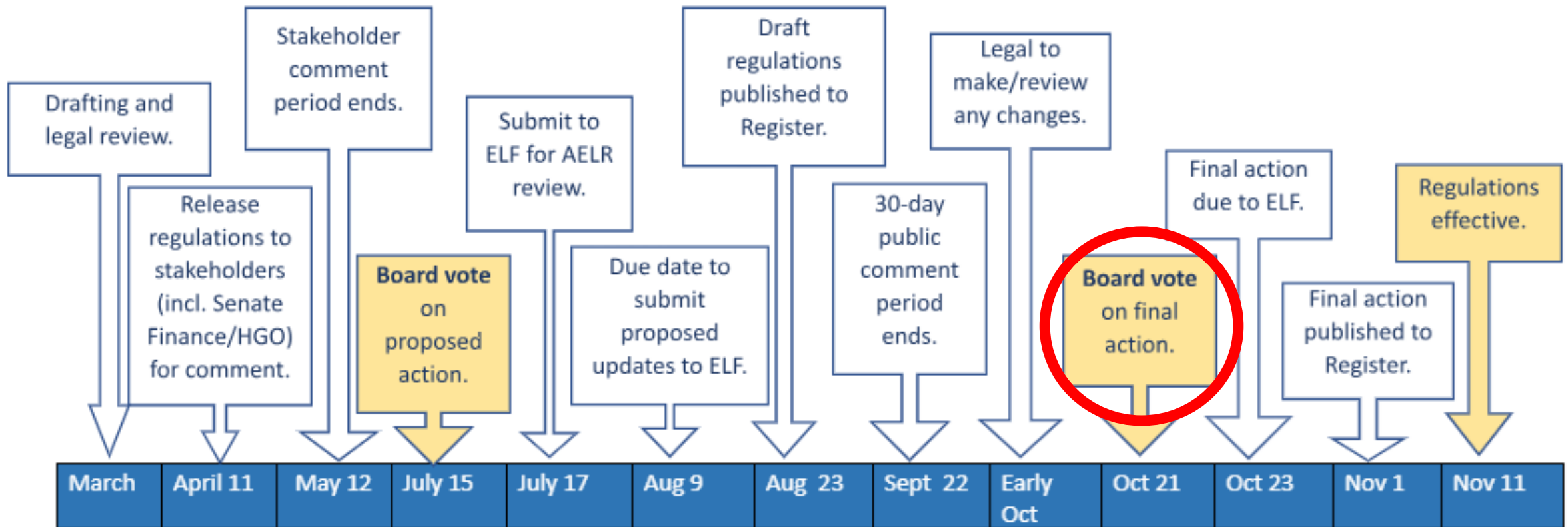
1. Waiting Period ([14.35.18.04](#)):

- Reduce the waiting period a small employer may set for a qualified employee to no more than **60 days**, with coverage effective the first of the month after the end of the waiting period date.
 - Current regulation allows up to 90 days.

Additional Background

- Proposed updates were discussed in prior MHBE Small Business Programs Advisory Committee (SBPAC) stakeholder meetings.
- Federal regulations allow State Marketplace flexibility to adapt SHOP MPR ([45 CFR 155.706](#)).
 - SBPAC provided feedback that the 75% MPR is difficult for many small employers to meet.
- Federal regulations limit waiting periods to a maximum of 90 calendar days from the date an employee is first eligible for coverage, for coverage to become effective ([45 CFR 147.116](#))
 - Current state regulations also limit waiting periods to 90 days but specify that coverage effectuates at the first of the month **following** the end of the wait period, which could amount to up to 120 days in total.

Timeline



- MHBE did not receive any comments on the proposed regulations during the 30-day public comment period.

Request for Approval of Final Regulations and Authorization to Submit Final Action to DSD

MOTION: I move to [approve/defer/reject] the final Small Business program regulations as presented, and authorize MHBE to submit them to the Division of State Documents for publication in the Maryland Register [as presented/as amended].