MHC for Small Business Employer Guide

2025-2026

maryland health connection℠

for small business

Welcome to MHC for Small Business!

MHC for Small Business is a program under the Maryland Health Benefit Exchange, dedicated to enhancing health care accessibility and affordability. It offers streamlined access to private health insurance plans, helping employers provide quality coverage to their employees with ease by offering employers with 50 or fewer Full-Time Equivalent Employees (FTEs) access to quality, affordable health coverage. With multiple health insurance companies to choose from, employers can provide increased flexibility and choice to their employees.

Employers find that offering health coverage helps attract top talent and improve productivity. Health coverage can also increase morale and help with a company's retention.

MHC for Small Business is the only platform in Maryland where small businesses can qualify for the federal health care tax credit and offers an Employee Choice Model that provides access to clearly defined coverage tiers—Platinum, Gold, Silver, and Bronze—giving your employees more choices. For example, you can set your budget on the silver tier (reference plan) but allow employees to choose from any available plans.

We are dedicated to providing you with the highest level of service and making health insurance easy to offer. Our Authorized Insurance Brokers and Customer Service Center are available to ensure that you and your employees find the coverage you need at an affordable budget.

For assistance, contact your Broker or our Customer Service Center at 877-637-6249 (877-MD-SM-BIZ) Monday through Friday, 8:00 a.m. to 6:00 p.m. or email mhc.smallbiz@maryland.gov. You can also visit our website at https:/www.marylandhealthconnection.gov/smallbusiness for additional resources.

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My MHC for Small Business Portal

The MHC for Small Business portal offers convenient web-based access to all your group enrollment and account information. This paperless system ensures fast processing, allowing you to perform essential tasks such as renewal changes, accessing invoices, making online payments, managing employees, viewing your current balance, and making payments.

Benefits of Small Business Health Insurance:

- ❖ Federal Small Business Health Insurance Tax credits to help pay your share of employee premium costs.
- ❖ Versatility of providing coverage options from multiple insurance companies (Employee Choice Model).
- ❖ Peace of mind knowing that Maryland Health Benefit Exchange has certified all plans and covers essential health benefits.
- ❖ Flexibility in contributing to your employee's premiums.

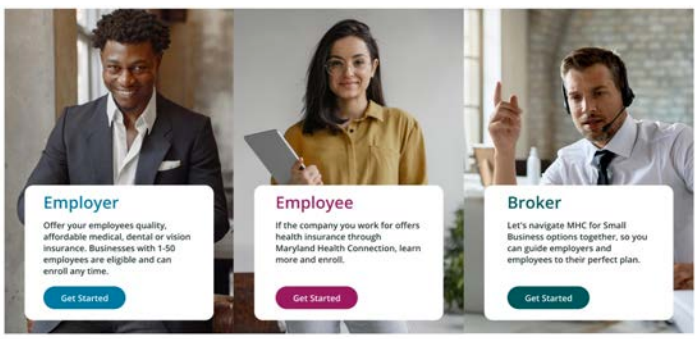
Features and benefits of the MHC for Small Business Portal

- ❖ Determine eligibility for small business coverage.
- ❖ Get a quote.
- ❖ Add employees and monitor eligibility and enrollment.
- ❖ Link to employee accounts and track enrollment.
- ❖ Access and pay invoices online.

To access the MyMHC for Small Business Portal, visit:
www.marylandhealthconnection.gov/smallbusiness

Creating an Account

To begin, click the '*Get Started*' button located under the Employer tab on the MHC for Small Business homepage. Then, follow the instructions to create an account. You'll need to complete the validation process and provide the necessary information, including your username, password, and email address.

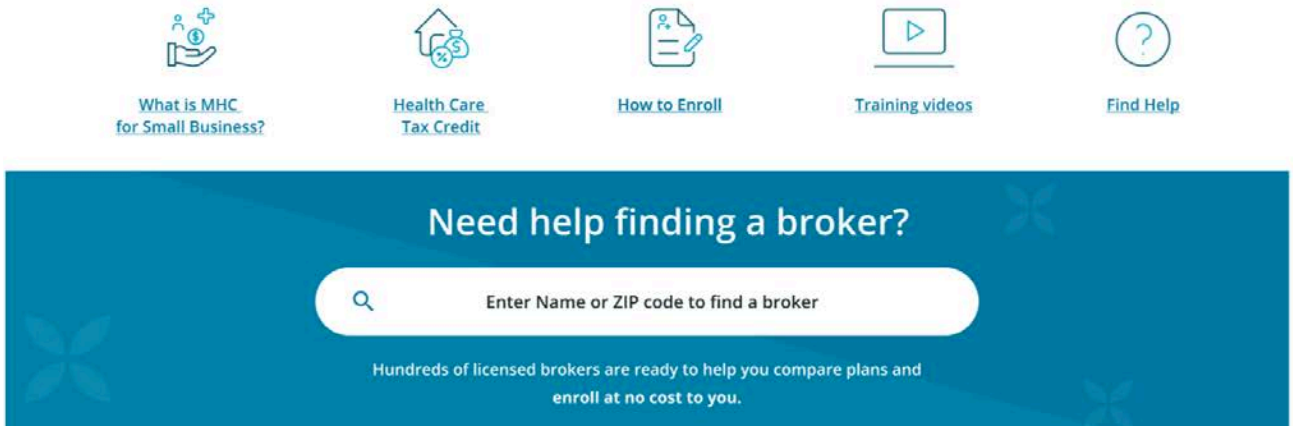


Get Your Maryland Health Connection for Small Business Seal!

You can demonstrate your commitment to being a health insurance-friendly business by completing our three-step MHC for Small Business employer training and obtaining certification to attract and retain top talent.

Step 1- Watch the videos.
Step 2- Schedule a presentation with a certified MHBE broker for your employees.
Step 3- Sign up for coverage.

Obtaining this certification demonstrates your commitment to providing a health insurance-friendly environment for prospective and existing employees, which can enhance your reputation as an employer and attract high-quality talent to your business. To get your seal, go to the MHC for Small Business homepage, click “Training Videos”, and complete the steps.



Small Business Tax Credits

The Small Business Health Care Tax Credit, enacted in 2010 as part of the Affordable Care Act, serves as an incentive for small businesses to offer health insurance to their employees. Eligibility criteria stipulate that employers must have fewer than 25 full-time equivalent employees (FTEs) with an average annual wage of less than $65,000 (adjusted for inflation). Additionally, employers must contribute towards employees' health insurance premiums. Non-profit or tax-exempt employers also qualify for the credit at a reduced maximum of 35%.
The tax credit reimburses up to 50% of the employer's contribution to employees' health insurance premiums. The maximum credit is available to businesses with fewer than 10 FTEs and average wages under $32,000.

Small Business with 10 Full-Time Equivalent Employees	
Wages of 10 FTEs	$234,000 total, or an average $28,750 per employee
Total Employer Premiums Paid (50%)	$28,750
Tax Credit Eligibility (Year 1)	$14,380
Tax Credit Eligibility (Year 2)	$14,380

To assist you in estimating the small business tax credit for your business, a tax credit calculator is available at https://www.healthcare.gov/shop-calculators-taxcredit/. You can use this calculator to help determine if you qualify for the federal tax credit and to estimate your tax credit amount. To claim the tax credit, businesses must complete IRS Form 8941 and attach it to their annual tax return (Form 1040 or Form 1041 for partnerships, S corporations, and tax-exempt organizations), along with a letter of eligibility from MHC for Small Business. Small Businesses claiming the tax credit must also provide their MHC for Small Business eligibility letter.
Tax laws and forms are subject to change over time, so it's recommended to consult the most recent IRS resources and instructions when applying for the Small Business Health Care Tax Credit. Additionally, seeking guidance from a tax professional or accountant can help ensure the accurate completion of the necessary forms and calculations.

Migration

MHC for Small Business is rolling out enhancements to the enrollment portal, streamlining the process into a one-stop shop portal for employee enrollment, invoice payment, and more. Transition to the new enrollment portal will begin with all November renewal groups.

- If you are an existing group with active coverage, expect communication from your broker and/or the MHC for Small Business team regarding your transition to the new enrollment platform within 90 days of your renewal.
- If you have an existing MHC for Small Business employer account but have never established a plan for your employees, you can proceed with setting up a group plan with the assistance of an authorized broker.

Note: Setting up a new group plan through the MHC for Small Business enrollment system will replace all your previous employer-sponsored policies with the insurance company. You must terminate coverage directly with the insurance company you are enrolled with to avoid receiving multiple bills.

Responsibility and Privacy

Your Health Plan Responsibilities

While MHC for Small Business handles most of the administrative tasks to simplify health coverage for business owners, as a health plan sponsor, you still have some responsibilities you should be familiar with.

You are responsible for the following when offering employer-sponsored health coverage through the MHC for Small Business:

1. Knowing Your Full-Time Equivalent (FTE) Employees Count
2. Meeting MHC for Small Business Eligibility Requirements
3. Determining Your Metal Tier Coverage and Premium Contribution
4. Following Privacy Guidelines
5. Deciding on Employee and Dependent Eligibility
6. Setting a New Hire Election Period
7. Paying Your Monthly Premium Invoice
8. Providing MHC for Small Business with Notices of Eligibility Changes
9. Notifying Employees of Open Enrollment
10. Identifying COBRA Regulations and Notifying Terminated Employees of COBRA

In these pages, you will find information on your responsibilities with details that can help you manage a successful health insurance program for your employees. These include understanding privacy rules, knowing which of your employees are eligible for coverage, what to do if you need to change your health coverage, or when and how to pay your premiums.

Privacy Guidelines

When applying for health insurance, you and your employees are required to reveal confidential information. Protecting this information is of utmost importance to MHC for Small Business. Any information collected from an employer or employee application other than the name, address, birth date, and plan selection(s) will not be shared with you or a selected health insurance plan unless strictly necessary to determine eligibility and enrollment. Employers must always adhere to applicable privacy laws and rules to ensure that employees' health information remains confidential and protected.

Employer Eligibility Guidelines

To be eligible for MHC for Small Business, you must have 50 or fewer FTEs. Additional requirements include:

- Have a principal business address within Maryland, or you can offer coverage to each eligible employee through the marketplace serving that employee’s primary worksite.
- Have at least one common-law employee on the payroll, not including a business owner, sole proprietor, or spouse.
- Offer coverage to all full-time employees.

Counting Full-Time Equivalent (FTE) Employees

An FTE calculation includes full-time and part-time employees who worked during the prior calendar year (or who are reasonably expected to work in the current calendar year if you did not exist as a company in the prior year).

Enrollment Options

- Single Plan: Pick a single plan to offer your employees.
- Employer Choice: You select one insurance company that offers coverage and a reference plan, and employees may choose any plan from any metal level that the insurance company offers.
- Employee Choice: You select up to two consecutive metal levels of coverage and a reference plan. Employees may choose any plan from all the insurance companies that offer plans at those metal levels.

What is a Reference Plan?

The reference plan is the plan you choose to determine the amount you will contribute toward your employee premium. This plan is selected yearly at your annual renewal period. The table below shows how an established reference plan acts as the benchmark to assist employees in their decision to either buy up or buy down into other plans based on their individual coverage needs.

Age	Reference Plan			Enrolled Plan (Buy Up)			Enrolled Plan (Buy Down)		
	Silver Plan	Employer Pays (80%)	Employee Pays (20%)	Gold Plan	Employer Pays (Same as Ref Plan)	Employee Pays	Bronze Plan	Employer Pays (Less as Ref Plan)	Employee Pays
40	$ 600	$ 480	$ 120	$ 700	$ 480	$ 220	$ 250	($350)	0
50	$ 800	$ 640	$ 160	$ 900	$ 640	$ 260	$ 400	($400)	0
60	$ 1,000	$ 800	$ 200	$ 1,000	$ 800	$ 200	$ 600	($400)	0

If your reference plan is no longer available during your renewal period and you do not select a new one, the plan closest to your existing one will be selected on your behalf. If you've opted out of auto-renewal, the plan closest to your existing plan will be suggested, and you must actively review and confirm the plan. The contribution percentage amount for your employees will remain the same as previously elected.

Employer Effective Dates

The effective date of your group's coverage is determined by how quickly you offer plans to employees, the duration of their open enrollment period, and your initial binder payment to the insurance company.

Effective dates for group coverage are always on the first of each month. For coverage to start on the first of the following month, group binder payment must be submitted by the 13th of the month before the effective date. Once the employer selects a coverage start date, the system will establish a deadline to finalize your benefits package, allow an open enrollment period for employees, and make the binder payment. MHC for Small Business will not accept new business submissions past the assigned deadline.

Employer Contribution and Participation Requirement

Maryland employers are not mandated to contribute to their employees' health insurance plans. However, those seeking eligibility for the Federal Health Insurance Tax Credit must contribute a minimum of 50% towards the premium cost of the employee-only coverage plan. This means you must pay at least half of the employee-only premium of the chosen reference plan, which can be from any metal tier. Your employees' premium contributions and out-of-pocket costs will be influenced by your selected reference plan and total contribution, chosen metal tier(s), and the plan(s) selected by your employees. There is no minimum requirement for dependent contributions.

Employee Minimum Participation Rate Requirement

When offering coverage through MHC for Small Business, at least 60% of your eligible employees must enroll with MHC for Small Business. Employees with the following coverage are not included in the employee participation calculation:

- Employee covered under other private group health plans
- Employee covered under public health care programs, including Medicare, Medicaid and TRICARE.
- Employee under the age of 26 and covered under their parent’s health benefit plan.
- Employee has individual coverage, including Individual Marketplace coverage – with access to a Federal subsidy (due to minimum essential coverage or affordability provisions).
- COBRA enrollee or retiree.
- Employee has an existing small business coverage through another State or Federal Marketplace.
- Non-employees such as the owner and spouse of the owner are not included in the participation calculation unless they are full-time employees.

Annual Special Enrollment Period

Employers have the flexibility to enroll in MHC for Small Business at any point during the year. During a limited time each year, from November 15 to December 15, MHC for Small Business allows employers who have not met their minimum participation rate requirements to enroll in a health plan. This annual special enrollment period allows you to enroll for coverage beginning on January 1, even if only a few employees accept coverage and when you’re unable to meet the premium contribution requirement.

Offering Ancillary Products

Ancillary products like dental and vision plans are not available through the MHC for Small Business portal. Employers must work with their broker to add these coverage options off-exchange.

Note: Many of the Private Health Plans offer pediatric dental benefits as part of their health plan coverage. For more information, please refer to the health plan's Summary of Benefits and Coverage (SBC) or the Explanation of Coverage (EOC).

Eligibility & Verification

Employer Eligibility & Verification

MHC for Small Business will verify your eligibility as a business owner before allowing you to offer health insurance coverage to your employees. If you are determined eligible, MHC for Small Business will notify you in writing, confirming that you can participate. If you were determined ineligible, MHC for Small Business will provide you with a written notice of your ineligibility.

In cases where MHC for Small Business identifies any inconsistencies in your application during the eligibility verification process, MHC for Small Business will first notify you and provide you an eligibility adjustment period of 30 days to submit documentation to resolve any inconsistencies or errors. If, after 30 days, you do not submit satisfactory documentation, MHC for Small Business will proceed with determining you ineligible and provide you written notice of your ineligibility as well as your right to appeal this determination. If you were enrolled pending confirmation or verification of eligibility information, your participation in MHC for Small Business will discontinue at the end of the month following the month in which the notice of ineligibility was sent.

Employee Eligibility

Most full-time employees are eligible to participate in MHC for Small Business if you offer them coverage. Eligible employees may be added during the plan year if they experience a Special Enrollment Period (SEP), also known as a qualifying life event, or during your annual open enrollment period. Effective dates for coverage are always the first of the month.

Part-time employees may be considered eligible at your discretion. To be counted in your participation rate calculation, part-time employees must be permanent employees who work fewer than 30 hours per week and are actively engaged in your business. You are responsible for verifying that your employee is eligible when submitting your coverage application.

Your employee may voluntarily elect to waive coverage. The employee must complete and sign the waiver section on the employee application. Employees who waive their coverage are not eligible to enroll in your health plan until your next open enrollment period or during a special enrollment period triggered by a qualifying event (See section Qualifying Life Events – Special Open Enrollment Window).

Dependent Eligibility

Should you elect to offer dependent coverage, enrollees and their dependents must enroll in the same health and/or dental plan. Dependents who qualify and are eligible for health coverage through MHC for Small Business must be under the age of 26. Dependents include adopted children, foster children, or those under legal guardianship. Disabled adult children (regardless of age) are also considered eligible

dependents. Only dependents under the age of 19 are eligible for pediatric dental and pediatric vision coverage.

Employer Eligibility Appeals

An employer has the right to appeal:

- A notice of denial or termination of eligibility under § 155.716(e).
- A failure by MHC for Small Business to provide a timely eligibility determination or a timely notice of an eligibility determination in accordance with § 155.716(e).

Employers must request an appeal within 90 days from the date of the notice of denial or termination of eligibility. MHC for Small Business will provide a written notice of the right to appeal a denial of eligibility in accordance with 45 CFR § 155.716(e). The notice will include:

- The reason for the denial or termination of eligibility, including a citation to the applicable regulations; and
- The procedure by which the employer may request an appeal of the denial or termination of eligibility. If an employer is found eligible following the appeal decision, then at the employer's option, the effective date of coverage or enrollment through MHC for Small Business under the decision can either be made retroactive to the effective date of coverage or enrollment through MHC for Small Business that the employer would have had if the employer had been correctly determined eligible, or prospective to the first day of the month following the date of the notice of the appeal decision.

If the employer is found ineligible under the appeal decision, then the appeal decision is effective as of the date of the notice of the appeal decision. MHC for Small Business must issue a written notice of the appeal decision to the employer within 90 days of the
date the appeal request is received.

Appeals can be submitted in one of the following ways:

- By email to: mhc.smallbizappeals@maryland.gov
- By mail to: P.O. Box 857, Lanham, MD 20703-0857
- By fax at: 410-547-6805

Reporting Changes to MHC for Small Business

Change to Your Business

Several events can occur throughout the year that can impact your business. You may change your ownership structure, business name or primary contact, address, or federal and state tax ID. These are important changes, and you must promptly make these changes in your MHC for Small Business account.

If your principal business address changes, it may affect premium rates and/or plan options for both you and your employees. If the address change impacts the rates, the rate change will take effect upon

coverage renewal. Please notify us of a business change by updating your MHC for Small Business account.

Change in Employee/Dependent Eligibility

As a health plan sponsor, you are required to report any changes in your employees' eligibility to MHC for Small Business. Changes that must be reported include an employee's:

- Change in work hours or common law employee status (ex: employee begins working 30 or more hours).
- Eligible/ineligible for coverage under the employer-sponsored plan.
- Change in dependent status.
- Termination of employment.
- Death

All changes to your employee/dependent roster within your account must be submitted immediately but no later than 30 days from the event.

Changes to Your Employer Application

You can only make changes to health coverage during your annual election and open enrollment period. Changes made during this time may include the following:

- Coverage Model and Metal Tier Selection (Bronze, Silver, Gold, Platinum)
- Reference Plan
- Contribution percentage
- Update the number of FTEs
- Dependent coverage

Premiums & Payment for Health Coverage

Your Premiums

Health coverage and premium rates are guaranteed for 12 months from your initial coverage effective date. Your business address determines the cost of premiums that you pay for your health plan. Your address will fall in one of the rating areas in Maryland that determine the number of financial adjustments made to your health insurance premiums.

Making Premium Payments

Initial Payment

Depending on the coverage model, employees can choose from multiple health plans. MHC for Small Business will send you a single invoice that includes all selected health plans. MHC for Small Business

must receive the initial payment for the total amount billed by the invoice's due date. Until payment is received, employees are not covered. Failure to send payment will delay your effective date or require you to resubmit your enrollment materials.

Ongoing Payments

To avoid delinquency or cancellation, ongoing monthly premium payments must be made for the total balance due by the due date on the invoice. If the invoice is not paid by the due date indicated on the invoice, MHC for Small Business will mail a Notice of Start of Grace Period on the day after payment is due, explaining the terms of a 31-day grace period. The Notice of Start of Grace Period will include instructions for making the required payment to maintain coverage and your rights to request a decision appeal.

If coverage is terminated due to non-payment, you will be notified of the reason and sent a Notice of Cancellation. If your group coverage is terminated for non-payment, you may request to be reinstated in the same coverage you were last enrolled in, following the reinstatement policy.

Grace Period

Employer groups are granted a 31-day Grace Period to submit payment for all past-due balances. Coverage will be terminated if the total balance remains unpaid after this grace period. A Notice of Termination will be issued accordingly. Subsequently, the health insurance company/ies will initiate the collection process in accordance with their collection policy to include accrued interest.

If two returned payments are made in a six-month period, you must submit premium payments in the form of a cashier’s check or money order for a period of 12 months beginning the first of the month following the last paid-through date. In no event will the failure to pay the returned payments fee be a basis to terminate, non-renew, or cancel coverage pursuant to COMAR 31.11.10.04.

Refunds

If a group submits a payment exceeding the amount due, MHC for Small Business (MHC-SB) will hold the excess amount and apply it to a future invoice. If no outstanding balance exists for 60 days, a refund will be issued automatically or upon request.

If coverage is terminated and a credit remains on the account, MHC-SB will issue a refund within two (2) business days of identifying the credit on the account or upon request, after all outstanding balances have been settled.

If a group or employee is retroactively canceled or found to be ineligible for coverage, MHC-SB will issue a refund within sixty (60) days of determination.

Refunds are generally processed within sixty (60) business days and issued by mailed check, unless otherwise requested or required. If the original payment was returned or if there were multiple returned payments, the refund will be issued by check.

Important: Refunds will not be issued for any period in which the issuer has paid claims unless the claims have been recovered. MHC-SB reserves the right to apply any credits or overpayments to outstanding balances before issuing a refund.

Reinstatement

Groups terminated due to non-payment may request reinstatement in the same coverage they were enrolled in, provided they submit a written reason acceptable to mhc.smallbiz@maryland.gov within 30 days from the effective date of termination. Acceptable reasons include technical or system issues with the portal system, incorrect statements, payment processing delays, changes to the payment method, or any other extenuating circumstances. All past-due payments must be settled before reinstatement can be processed. A group can only reinstate once within 12 months, starting from either their original effective date or their most recent renewal date, whichever is later.

Enrolling Your Employees

New Hire Enrollment

Eligible employees added to the employer group policy are guaranteed coverage until the end of the plan year. A new hire is eligible for coverage on the first day of the month after the completion of your company's waiting period. You choose the waiting period that is right for your business, but the total waiting period cannot exceed 60 calendar days. A newly eligible employee will be provided 30 days to enroll in a qualified health plan.

Establishing a Waiting Period

The new hire waiting period for coverage cannot exceed 60 calendar days from the first day of employment, with coverage beginning on the first day of the month following the end of the waiting period. You must choose a waiting period that complies with the maximum 60-day timeframe:

For example, the following three scenarios would comply:

- Employees Coverage Effective date is the first of the month following the date of hire.
- Employees Coverage Effective date is the first of the month following 30 days from the date of hire.
- Employees Coverage Effective date is the first of the month following 60 days from the date of hire.

When a new employee becomes eligible for enrollment in your MHC for Small Business health plan, you should add them to your roster and include their date of hire. The employee will then receive an email with a link to create an MHC for Small Business employee account, enabling them to select a plan after the established waiting period. The employee will only receive a link once you have set up a benefit package.

When setting up a new group plan, you can waive the waiting period for existing employees, including those hired before establishing the benefit package. You also have the option to apply the same waiting period for new hires and rehired employees.

If an employee is rehired after termination of employment, benefits will become effective using the appropriate effective date rule, following the date of rehire.

Note: Waiting periods are determined and monitored by the employer. MHC for Small Business does not monitor waiting periods. Submitting applications that are incomplete or have inconsistencies may delay processing times. MHC for Small Business will notify you and your employees of these inconsistencies.

Qualifying Life Events – Special Open Enrollment Window

Employees and their dependents can enroll outside of open enrollment if they experience a qualifying life event (QLE). If the employee has not experienced a qualifying life event, they must wait for the next annual open-enrollment period to enroll or to make changes to their current coverage.

Qualifying Life Events:

Qualifying Life Event	Time Frame for Application	Who Can Enroll?
Loss of other employer-sponsored plan or group health benefit plan	Up to 30 days	Eligible employee, spouse, or dependent
Exhaustion of COBRA continuation coverage	Up to 30 days (individual SEP window is 60 days)	Eligible employee, spouse, or dependent
Marriage	Not less than 31 days (individual SEP window is 60 days)	Eligible employee, spouse, or new dependent
Birth, adoption, or placement for adoption/foster care	Not less than 31 days (individual SEP window is 60 days)	Eligible employee, spouse, or new dependent
A child support order or other court order	Not less than 31 days	Eligible employee or spouse
Enrollee loss of dependent or no longer considered dependent due to divorce or legal separation	Not less than 31 days	Eligible employee or spouse
Death of eligible employee or employee dependent	Not less than 31 days (individual SEP window is 60 days)	Eligible employee or spouse
Pregnancy	90 days	Eligible employee, spouse, or dependent
Loss of Minimum Essential Coverage (MEC)	At least 30 days (individual SEP window is 60 days before or after trigger)	Eligible employee or dependent

Violation of a material provision by the carrier	At least 30 days (individual SEP window is 30 days)	Eligible employee or dependent
Loss of Medicaid/MCHP	60 days	Eligible employee or dependent
Enrollment or non-enrollment resulting from error, misrepresentation, inaction, or misconduct by the Exchange	At least 30 days (individual SEP window is 30 days)	Eligible employee or dependent
Gains/Maintains status as Indian	60 days	Eligible employee or dependent
Material error related to plan benefits, service area, or premium	At least 30 days (individual SEP window is 30 days)	Eligible employee or dependent
Delayed Medicaid ineligibility determination	(individual SEP window is 60 days)	Eligible employee or dependent
Exceptional circumstances	At least 30 days (not specified for individual SEP window)	Eligible employee or dependent
Victim of domestic abuse or spousal abandonment	At least 30 days	Eligible employee or dependent
Move	60 days	Eligible employee or dependent

Renewals

Annual Election and Open Enrollment Period

Open Enrollment is the annual opportunity for your small business to make changes to its health coverage offerings to employees, while employees can also make changes to their plans. Typically, new rates and plan changes from insurance carriers are communicated through your MHC for Small Business employer account. Renewals align with your group's effective date; for instance, if your effective date is 5/1/2025, your renewal will occur on 5/1/2026. Reminders about your annual renewal will start on or around 90 days prior to the renewal date. You'll receive a written notice of your plan renewal and an annual election period at least 60 days before the end of your plan year.

If you've opted for auto-renewal, no action is needed, and your group will remain in the same plan for the renewal year. Your employees will be provided with an open enrollment period lasting a minimum of 10 calendar days.

During your renewal period, you can explore plan options and make necessary reference plan or contribution changes to your health coverage. After you renew the offering, MHC for Small Business will notify your employees of the open enrollment period.

After you've made changes to your health coverage offerings, an open enrollment period for your employees will commence, lasting at least 10 calendar days. During this period, employees can review their plan options, discuss purchasing decisions with their families, and make changes for the upcoming plan year. They may also add or terminate eligible dependents.

If an employee's plan is discontinued, the employee will be passively renewed into a similar plan with their existing insurance company. The employee must actively choose a new plan if the insurance company no longer participates with MHC for Small Business. Please refer to your Renewal Packet for details.

Open Enrollment Notifications

At the start of your annual open-enrollment period, MHC for Small Business will provide you with a renewal packet that includes instructions for renewing your health or dental plan, making plan changes, and providing renewal notices for each employee with information about his or her existing coverage and premium rate changes.

Once you receive a renewal packet from MHC for Small Business, it is your responsibility to notify your eligible employees and any Maryland State Continuation or Federal COBRA qualified beneficiaries of:

- Their right to change their health and dental coverage during Open Enrollment.
- The start and end dates of your open enrollment period; and
- Your contribution amounts toward their employee premium.

You are responsible for notifying your eligible employees of the health plans available to them through MHC for Small Business. Employees will not be able to make changes to their coverage after your annual open enrollment period unless they experience a qualifying life event.

Note: Changes to employee coverage cannot be made after the first month of coverage following renewal unless they experience a qualifying life event (QLE), qualify for a Special Enrollment Period (SEP), or are within the group's Open Enrollment Period (OEP).

Terminating Coverage

Terminating Your Small Business Coverage

To terminate health coverage for your company, you must cancel your coverage in your MHC for Small Business employer account before the end of the month in which coverage should end. If you request termination on the first day of the month, coverage will end for you and your employees at the end of that month. Retroactive cancellations are not allowed unless there are extenuating circumstances, such as a system outage. In such cases, groups can request a retroactive termination of their plan, which will be reviewed by the carrier(s) they are enrolled with. Retro cancellations may be denied based on a review of claims during the period of enrollment in which the cancellation is requested. Employees enrolled in a health plan will receive notification of discontinuation of coverage from MHC for Small Business, along

with information about other potential coverage sources, including COBRA, and access to individual market coverage through the marketplace.

Terminating Coverage for an Employee or Dependent

To terminate coverage for an employee and/or employee's dependents who have left employment or are ineligible should be updated in the employer account. The employee can also cancel their coverage within their account. Termination requests must be made in the system prior to the last day of coverage. If an employee would like to terminate their coverage and/or the coverage of a dependent, the employee must submit a termination request in their MHC-SB account based on the reason as outlined below:

Termination Reason	Termination Effective Date
Death	The last day of the month following death
Termination or End of Employment	The last day of the month following termination
Ineligible	The last of the month following the eligibility change
Entitlement to Medicare	The last day of the month following eligibility for Medicare
Loss of dependent child status	Employer determines (last day of the month or year the dependent child turns 26)

MHC for Small Business will provide the terminated employee or dependent with a notice of termination. The employee and/or dependent may be eligible for Federal COBRA or Maryland State Continuation coverage.

Continuing coverage allows certain former employees and other participants such as retirees, spouses, former spouses, and dependent children, the right to continuation of health coverage of your company's health plan rates. Continuing coverage, however, is only available when health coverage is lost due to a qualifying event.

COBRA and Maryland State Continuation

Qualified Beneficiaries

A qualified beneficiary is an individual who was covered by a group health plan on the day of a qualifying event that caused him or her to lose coverage. A qualified beneficiary must be a covered employee, the employee's spouse or former spouse, or the employee's dependent child. In addition, any child born to or placed for adoption with a covered employee during a period of continuation coverage is automatically considered a qualified beneficiary.

Continuing Coverage Health Plan Administration

The Consolidated Omnibus Budget Reconciliation Act (COBRA) and Maryland State Continuation offer employees and their dependents who lose their health benefits the opportunity to continue their coverage under your health benefit plan for limited periods. Under certain qualifying events such as voluntary or involuntary job loss for any reason other than gross misconduct, reduction in the hours worked, death, divorce, and other qualifying life events.

If a former employee elects to continue the group health insurance, the coverage given will be the same coverage that is currently available to active employees and their families, as well as the same benefits, choices, and services such as:

- The rights to open enrollment to choose among available coverage options.
- The right to add qualified beneficiary dependents.
- The rights to remove dependents voluntary; and
- The right to remove dependents when they are no longer eligible for coverage.

There are two types of continuing coverage. The number of employees within your company determines the type of continuing coverage that applies to your company.

Federal COBRA provides continuation of coverage for individuals under the employer group health plans that have 20 or more eligible employees. It is your company's responsibility to be informed of your responsibilities and obligations under COBRA, including the required notices. COBRA is administered by MHC for Small Business on your behalf. For more information on Federal COBRA coverage, contact your broker or visit https://www.dol.gov/general/topic/health-plans/cobra.

Maryland State Continuation provides continuation of coverage for individuals under employer group health plans that have under 19 eligible employees. Maryland Continuation is administered by MHC for Small Business on your behalf. MHC for Small Business also administers the extension for coverage expiring under Federal COBRA. For more information on Maryland State Continuation coverage, contact your broker or visit Maryland Continuation Coverage.

Note: If your eligible employee count changes during the plan year, the type of continuation coverage your group qualifies for may change during the annual renewal period. Specifically, if your group reduces to 19 or fewer employees, it will be subject to State Continuation. If your group increases to 20 or more employees, it will be subject to Federal COBRA.

Continuing Coverage Qualifying Events

Continuing coverage qualifying events occur when an individual, whether an employee, spouse, or dependent, loses health coverage. The following table outlines the specific qualifying events, the qualified beneficiaries entitled to continuation of coverage, and the maximum period of continuation coverage that must be offered, based on the type of qualifying event.

Qualifying Events (QE)	Qualifying Beneficiaries	Federal COBRA Length Of Coverage	Maryland State Continuation Length Of Coverage
Voluntary or involuntary termination of employment (for reasons other than gross misconduct)	Employee, Spouse, Dependents	18 months*	18 months
Death of Covered Employee	Spouse, Dependents	3 years	18 months
Divorce	Spouse, Dependents	3 years	Indefinite
Cessation of Dependency for Child	Dependents	3 years	N/A
Reduction in work hours	Employee, Spouse, Dependents	18 months	N/A
Employee becomes entitled to Medicare	Spouse, Dependents	3 years beginning on the date the employee becomes entitled to Medicare	N/A

* In certain circumstances, qualified beneficiaries entitled to 18 months of federal COBRA coverage may become entitled to a disability extension of an additional 11 months (for a total maximum of 29 months) or an extension of an additional 18 months due to the occurrence of a second qualifying event (for a total maximum of 36 months).

*Under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), certain retirees and their family members who receive post-retirement health coverage from employers have special COBRA rights in the event that the employer is involved in bankruptcy proceedings begun on or after July 1, 1986.

Administration of COBRA/Maryland Continuation Coverages

The chart outlines the responsibilities of MHC for Small Business and employers in administering COBRA and Maryland Continuation coverage. Generally, MHC for Small Business will send all COBRA and Maryland Continuation notices to the employee upon termination. However, since spouses and dependents do not have separate access to MHC for Small Business accounts, the employer must provide all relevant notices to them.

If a spouse or dependent chooses to enroll in COBRA or Maryland Continuation coverage, the employer and employee are responsible for notifying MHC for Small Business by submitting the election form to

mhc.smallbiz@maryland.gov and the broker of record to ensure the member/s are enrolled in COBRA/State Continuation coverage.

Continuation Qualifying Event	Who Qualifies?	Notice	Administrator
Voluntary or involuntary termination of employment (for reasons other than gross misconduct)	Employee, Spouse, Dependents	MHC-SB	MHC-SB
Death of Covered Employee	Spouse, Dependents	MHC-SB	Employer
Divorce	Spouse, Dependents	MHC-SB	Employer
Cessation of Dependency for Child	Dependents	MHC-SB	Employer
Reduction in work hours	Employee, Spouse, Dependents	MHC-SB	MHC-SB
Employee becomes entitled to Medicare	Spouse, Dependents	MHC-SB	MHC-SB

Events That Do Not Qualify for Continuing Coverage

Certain events may cause loss of coverage, but do not qualify for continuing coverage. These non-qualifying events include when an employee:

- Waives coverage.
- Fails to timely elect to continue coverage.
- Voluntarily removes their dependent's coverage.
- Is terminated due to gross misconduct.

COBRA/Maryland Continuation Coverage Termination

Continuing coverage begins on the date that a loss of coverage occurred and will end at the end of the maximum continuing coverage period. Continuing coverage may end earlier than the maximum period if premiums are not paid on time, if you choose not to maintain your group health plan, or if your former employee obtains other coverage after enrolling in continuing coverage. Generally, MHC for Small Business will send termination of coverage notices to participants. However, if you choose to end group coverage with MHC for Small Business, you are responsible for notifying beneficiaries of their option to change their plan to any other group plan that you offer for the remainder of their continuing coverage period.

Coverage Payment

Federal COBRA and State Continuation Premiums for participants will be directly invoiced to participants. You will not be billed on your employer group's monthly invoice.

Glossary

This resource is designed to clarify key terminology and enhance your understanding as you navigate through the content. For a full list of terms and definitions, visit https://www.marylandhealthconnection.gov/glossary/

Broker: An authorized insurance broker can help you choose an insurance company and health plan that meets your and your family's needs and helps with any administrative problems. There is no fee when you use an authorized insurance broker. They are licensed by the Maryland Insurance Administration and authorized by Maryland Health Connection.

Crosswalk: the transfer of enrollees from one plan to another. This typically happens when a plan is no longer available, and the enrollee needs to be transitioned to a similar plan. This is also known as mapping.

Minimum Essential Coverage: The type of coverage an individual needs to have to meet the individual responsibility requirement under the Affordable Care Act is called “minimum essential coverage.”

Open Enrollment: A designated period of time each year during which individuals or employees can enroll in a health insurance plan or make changes to their coverage

Qualifying Life Event: A change in your life that can make you eligible for a special enrollment period to enroll in health coverage. Examples of qualifying life events are changes in your family size (for example, if you marry, divorce, or have a baby), pregnancy, certain changes in your income, or losing current coverage.

Special Enrollment Period: A time outside of the open enrollment period during which you and your family may have a right to sign up for health coverage. You qualify for a special enrollment period through Maryland Health Connection, generally 60 days after certain life events that involve a change in family status (for example, marriage or birth of a child) or loss of other health coverage.

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