

# STATE OF MARYLAND



## **UNINSURED EMPLOYERS' FUND**

Hampton Plaza, Suite 402  
300 East Joppa Road  
Towson, MD 21286  
410.321.4136

### **Uninsured Employers' Fund**

FY 2027 Operating Budget

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee  
Public Safety, Transportation and Environment Subcommittee  
Senator Shelly Hettleman, Subcommittee Chair  
March 5, 2026

House Appropriations Committee  
Public Safety and Administration Subcommittee  
Delegate Gabriel Acevero, Subcommittee Chair  
March 4, 2026

I would like to thank the subcommittee for the privilege to appear before you to discuss the operational needs of the Uninsured Employers' Fund (UEF). Currently, I am the Acting Director of the UEF, effective 29 October 2025, however I started with the agency in May 2013 as the CFO and I also served as the Acting Director during 2015 – 2016.

The first area of operational concern is the cost of the UEF's Third-Party Administrator. In 2014, the Director recognized issues with the claims function and hired a private contractor to assist. Throughout 2014 additional individuals were added to assist the contractor. In August 2015, due to the untimely death of the Director, I was appointed Acting Director, from September 2015 until November 2016. Also, in 2016, due to the

claims contractor's inability to perform satisfactorily, their services were subsequently terminated in 2017.

During this period the agency's goal shifted to bring the claims function in-house. A committee was set up, positions advertised, about 150 resumes received, and approximately 20 applicants were interviewed. The committee was comprised of in-house worker compensation attorneys, staff and myself. Applicants' backgrounds were varied but none possessed relevant experience in the workers compensation field and no offers were extended.

Subsequently, based on WCC's recommendation to hire a Third-Party Administrator (TPA), and while considering new employee costs, training and computer system requirements, the agency decided to solicit bids from established TPA's. The Board of Public Works approved an emergency procurement contact in or about 2017, which ultimately resulted in the current contract with our TPA.

The second area of operational concern is the UEF's assessment rate of 2%, which has been stagnant since about 2009. In 2016, a letter was sent to the Legislature, through DLS, requesting an assessment rate increase to 4%. DLS agreed with the request, however a response to the increase was never received.

The UEF is a 100% self-funded agency and the current 2% assessment rate is inadequate. The agency does not have the funds to continue paying claims without an increase to about 4% or 4.5%.

I will gladly take any questions you may have.

Thank you,

Andrew Anderson  
Acting Director  
Uninsured Employers' Fund