



Maryland  
Hospital Association

## **Senate Bill 124 – Establishment of a State-Based Health Insurance Subsidies Program**

**Position: *Support***

February 5, 2020

Senate Finance Committee

### **MHA Position**

Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are [caring for Maryland](#) around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined \$1.75 billion in their communities, expanding access to housing, education, transportation, and food.

Broad based, affordable and comprehensive health insurance is integral to hospitals' ability to provide high-quality care. It also is key to the state's success under the Total Cost of Care model, which pushes accountability for whole-person care, including population health.

Maryland's hospitals have been strong proponents of the state's efforts to expand health care coverage, supporting Medicaid expansion, offering of subsidized individual and small group health plans through the Maryland Health Benefit Exchange, and most recently the creation of the individual market reinsurance program. The reinsurance program lowered premiums and contributed to individual insurance market stability. Similarly, a state subsidy program will increase access to more affordable coverage for consumers.

Still, we urge the state and legislature to be thoughtful about using significant funding to subsidize the cost of insurance coverage for small subsets of Marylanders, most of whom already have insurance. Given the continuous, concerning federal changes to Affordable Care Act, and uncertainties about its future, it is imperative to analyze how available funding may be best used to maximize the number of insured individuals under the most robust health benefit plans available.

In addition, we caution against continuous reliance on the reinsurance program and additional coverage subsidies as the solution to address long-term market stability. Rather, to ensure sustained viability of these markets, we must address high service utilization and improve the overall health of individuals covered through the through better insurer care management of the enrollees they serve.

Finally, while a state subsidies program will lower premiums, we urge policymakers to address the increasing consumer out-of-pocket costs included in commercial health insurance plans. From 2014 to 2018, the number of Marylanders in employer-sponsored plans who face high

deductibles doubled, to 43%.<sup>1</sup> These high out-of-pocket costs create significant underinsurance for covered individuals, and most importantly, deter them from seeking appropriate health care.

Maryland's hospitals support this bill's efforts to expand affordable coverage to more Marylanders. We look forward to our continued partnership with the state, insurance carriers, and other stakeholders to create sustainable solutions for access to affordable, comprehensive health insurance coverage.

For these reasons, we urge a *favorable* report for SB 124.

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<sup>1</sup> State Health Access Assistance Center (SHADAC) analysis of the Medical Expenditure Panel Survey - Insurance Component. State-Level trends in employer-sponsored health insurance (ESI), 2014-2018.