



*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary*

February 5, 2020

The Honorable Delores G. Kelley  
Chair, Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

**RE: SB 124 – Maryland Health Benefit Exchange – Establishment of a State-based Health Insurance Subsidies Program – Letter of Support**

Dear Chair Kelley and committee members:

The Maryland Department of Health (MDH) submits this letter of support for Senate Bill (SB) 124 - Maryland Health Benefit Exchange - Establishment of a State-Based Insurance Subsidies Program.

SB 124 establishes the Maryland State-Based Health Insurance Subsidies Program which is intended to reduce the amount that individuals pay for health benefit plans on the individual health insurance market. The Maryland Health Benefit Exchange (Exchange) would be responsible for determining the eligibility and payment parameters with funding from the State Reinsurance Program. Funds between the two programs would be allocated by the Exchange to maximize the long-term affordability of health plans in the individual market.

In 2018, the General Assembly and Governor Hogan worked together on a bi-partisan basis to pass two critical pieces of legislation – HB 1795 and SB 387 – to create and fund the claims-based State Reinsurance Program. Through the State Reinsurance Program and the hard work of our colleagues at the Maryland Insurance Administration and MHBE, Maryland delivered a net reduction in health insurance premiums for 2020 by an average of 10.3% and in 2019 by an average of 13.2 percent.

For 2019, while most markets lost enrollees across the country, Maryland's individual market grew - enrollment is at a four-year high at 158,934, and in stark contrast to early national numbers. We are optimistic that Maryland can once again deliver on double-digit rate decreases in the 2021 rates.

The Maryland Health Benefit Exchange has worked with key stakeholders to (1) bring in more insurance carriers into the individual market and (2) to ensure that the issue of high-deductible plans is mitigated.

Based on the experience of the State Reinsurance Program, we believe that much can be gained by taking further action to make the individual market health plans affordable for Marylanders seeking health insurance. Maryland is in the unique position where it has made changes that have stabilized the health insurance landscape, and SB 124 will reinforce the access to affordable health benefits that Marylanders need.

The Hogan Administration and the Department remain committed to working together with the House and Senate to find short-term and long-term solutions to the structural health care issues facing Marylanders.

If you have additional questions, please contact Director of Governmental Affairs Webster Ye at (410) 260-3190 or [webster.ye@maryland.gov](mailto:webster.ye@maryland.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert R. Neall", with a long horizontal flourish extending to the right.

Robert R. Neall  
Secretary