



LARRY HOGAN  
GOVERNOR

STATE HOUSE  
100 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1925  
(410) 974-3901  
(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

**HB 413 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee**

**Position: Favorable**

**February 10, 2022**

**Keiffer J. Mitchell, Jr., Chief Legislative Officer**

**Jake Whitaker, Deputy Legislative Officer**

Dear Chair Pendergrass, Vice Chair Peña-Melnyk, and Members of the Committee,

We respectfully submit this letter of support for House Bill (HB) 413 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee.

The State Reinsurance Program (SRP) has been an overwhelming success at increasing participation in the individual health insurance market and significantly lowering premiums paid by Marylanders. The SRP was created through bi-partisan legislation signed by Governor Hogan in 2018 after several years of increasing premium rates for individual health insurance market plans offered through the Maryland Health Benefit Exchange (MHBE). Before this program stabilized the individual market, premiums were projected to grow by over 200 percent between 2018 and 2022. Instead, premiums are down by over 30 percent since the program was implemented in 2019. Maryland is now a national leader in health insurance market innovation, and according to analysis by the Kaiser Family Foundation, Maryland now has, on average, the **lowest individual market premiums in the nation**.

House Bill (HB) 413 will help ensure the long-term stability of the nation’s leading individual health insurance market by extending the SRP’s state funding source through 2028. The SRP successfully leveraged a moratorium on a pre-existing federal 2.75 percent premium assessment in 2019, and was subsequently lowered to one percent in 2020. HB 418 simply extends the existing one percent premium assessment already being paid by commercial health insurers. The Maryland Insurance Administration (MIA) considers insurer costs, including premium assessments, when setting insurance rates. As this legislation does not increase the existing premium assessment and therefore the costs borne by insurers, **insurance premiums, including small group market premiums paid by small businesses, will not rise due to this bill**. HB 413, offers a “best of both worlds” scenario where individual market premiums remain amongst the lowest in the nation, while simultaneously leaving other insurance market premiums, including premiums paid by small businesses unaffected.



It is critical that the General Assembly extend the provider assessment during the 2022 legislative session. MHBE must submit a waiver extension application to the federal government by March 30, 2023. The waiver extension application requires extensive preparation, including actuarial analyses that require projecting future State funding levels. By passing HB 413 during the 2022 legislative session, MHBE and the MIA will have the information necessary and the time needed to effectively prepare and complete the waiver application by the deadline. If the waiver isn't renewed, and the SRP were to abruptly end, rates could go up by as much as 50 percent in the first year alone.

For the aforementioned reasons, we respectfully request a favorable report on HB 413.