

February 10, 2022

The Honorable Shane E. Pendergrass
House Health and Government Operations Committee
House Office Building, Room 241
Annapolis, MD 21401

Re: Letter of Support – HB 413 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Dear Chair Pendergrass and Committee Members:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support on House Bill (HB) 413 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee. HB 413 will determine the future of the State Reinsurance Program (SRP).

The SRP is key to the affordability of individual health coverage in Maryland. In 2018, bipartisan action to establish the SRP stabilized the market, preventing premiums from rising by a projected 30 percent. Premiums have instead decreased by over 31 percent since the program's inception. Enrollment in private plans on Maryland Health Connection increased to 181,000 for 2022, up by 9 percent from 2021; both were record-breaking years. Total individual market enrollment, both on and off-exchange, has also grown substantially in recent years, increasing 22% between December 2019 and July 2021 (from 179,000 to 219,000). The SRP also helped to set the stage for a more competitive market in Maryland. After the launch of the SRP, the number of insurers participating in the individual market grew for the first time since 2015.

Affordable premiums have helped shrink gaps in health equity. During open enrollment for 2022, enrollments of Black and Hispanic residents, who are disproportionately likely to lack health insurance, grew by 10 percent and 13 percent, respectively. Lower rates have also made the individual market more affordable for young adults, who are also disproportionately likely to be uninsured and whose participation lowers rates for the entire market. Enrollment of 26–34-year-olds grew 9 percent for 2022. Though these recent gains in enrollment and affordability are due in part to enhanced subsidies through the American Rescue Plan and MHBE's complementary affordability initiatives like the Young Adult Premium Assistance Program, they would not have been possible without the SRP.

Without the extension of the provider fee, the SRP would end, and premiums would increase to the high and rising rates seen before the SRP. For example, we project that without continuation of the reinsurance program, average monthly premiums could nearly triple in the

coming years, from about \$430 in 2022 to about \$1,200 by 2029. The end of the SRP would compromise affordability and enrollment at a time when COVID-19 continues to threaten public health. Continuation of the provider fee would not increase rates, as the fee is already reflected in rates; consequently, maintaining the fee would not lead to any changes in enrollees' current rates.

It would be ideal to pass legislation during the current legislative session to establish the future state funding source for the SRP because MHBE must submit a waiver extension application to the federal government by March 30, 2023. In order to prepare the application, including required actuarial analysis, MHBE needs to be able to project state funding levels.

For further discussions or questions on HB 413, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,



Michele Eberle
Executive Director