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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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SB 701

**Maryland Health Benefit Exchange – State–Based Young Adult Health
Insurance Subsidies Pilot Program – Amount of Annual Subsidies**

Good afternoon, Vice Chair Klausmeier and Members of the Finance Committee:

Thank you for the opportunity to present SB701, Maryland Health Benefit Exchange – State–Based Young Adult Health Insurance Subsidies Pilot Program – Amount of Annual Subsidies. SB 701 is a straightforward, budget neutral bill that simply makes a technical correction to the program’s authorizing statute, to allow any unspent funds from prior years of the Young Adult Subsidy program to be rolled forward and used for subsidies in future calendar years.

Current statute authorizes the MHBE Board to use up to \$20M/year from the State Reinsurance Program funds to administer the program, amounting to \$80M in total allocated to the program over the course of the four-year pilot.

MHBE underspent in the first two calendar years of the program, 2022 and 2023, by a total of 12.9M (approximately \$6.5M each year). However, MHBE projects that the program will spend approximately \$22.5M in CY2024 unless the MHBE Board takes action to limit access to the program.

The program has documented success in contributing to significant growth in young adult enrollment in the last few years. Increased young adult enrollment provides individual and market-wide benefits by increasing the pool of relatively healthier younger enrollees, who offset higher-cost enrollees.

The program already has an established dedicated funding from the reinsurance fund, and there is no change in the total original allowed spending of \$80M over the four years. SB 701 will simply provide more flexibility in the program’s year over year spending, and this flexibility will allow MHBE to continue to operate the Young Adult Subsidy Pilot Program in 2024 without the need to take mid-year action to limit access to the program, such as by closing the program to new enrollees or reducing current enrollees’ subsidy amounts.

The technical correction proposed in this bill will enable MHBE to maintain access to the program, especially during this crucial period of the Medicaid unwinding process which continues through the middle of this year. The availability of affordable private health insurance options will be key to keeping young adults enrolled in coverage.

I respectfully request a favorable report on SB701.