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February 14, 2023

The Honorable Pam Beidle  
Chair, Senate Finance Committee  
3 East  
Miller Senate Office Building  
Annapolis, MD 21401

### **Senate Bill 535 – Health Insurance – Labor and Delivery Services – Cost-Sharing Requirements**

Dear Chair Beidle,

The League of Life and Health Insurers of Maryland, Inc. respectfully **opposes** *Senate Bill 535 – Health Insurance – Labor and Delivery Services – Cost-Sharing Requirements* and urges the committee to give the bill an unfavorable report.

Senate Bill 535 requires insurers to provide labor and delivery services to Marylanders without any cost-sharing. The result of this bill could have dramatic impact on premium and we urge the committee to consider the affordability impact before moving forward with this legislation.

According to a report prepared for the Maryland Health Care Commission (MHCC), the estimated impact of removing cost-sharing for labor and delivery services on insurance affordability would be significant. In the individual market alone, the report estimates a \$1.93 increase in premiums per member per month. The total estimated premium increase for non-HSA qualified plans would total nearly \$16 million.<sup>1</sup> It is important to make careful consideration of the cost impacts of any added mandated benefit, especially as the cost of labor and delivery services in hospitals continues to rise. One mandated benefit is not prohibitive, but Maryland has close to 50 mandated benefits, and the totality of those mandates creates affordability challenges that go beyond carriers directly consumers. This particular legislation also approaches a benefit that many Marylanders utilize and having cost share helps carriers counterbalance proposing the raising of premiums in the rate review process.

Carriers are already required to cover labor and delivery services as essential health benefits under the ACA, and some health plans in Maryland already do so without cost sharing. Senate Bill 535 would create

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<sup>1</sup> Milliman, *Maryland Elimination of Labor and Delivery Cost Sharing Analysis: Prepared for Maryland Health Care Commission*. (2023)

a new aspect to an already mandated benefit. Under the ACA, each state must pay, for every health plan purchased through the Maryland Health Benefit Exchange, the additional premium associated with any state-mandated benefit beyond the federally mandated essential health benefits. This means, should the Commissioner include the mandate in the State benchmark plan, the State would be required to defray the cost of the benefits to the extent it applies to the individual and small group market ACA plans. This is likely to be costly to the State and a challenge to budget makers.

The League opposes any additional mandated benefits to Maryland's law. Mandated benefits add cost to health insurance policies in our state and limit the ability of insurers to design benefits to best meet the needs of enrollees. The report commissioned by the MHCC clearly shows that the removal of cost-sharing requirements for labor and delivery services would have a significant impact on insurance affordability for Maryland beneficiaries.

For these reasons, the League urges the committee to give Senate Bill 535 an unfavorable report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Matthew Celentano", with a long horizontal line extending to the right.

Matthew Celentano  
Executive Director

cc: Members, Senate Finance Committee