

Maryland Needs to Continue Supporting Young Adult Health

Position Statement Supporting Senate Bill 5

Given before the Senate Health and Government Operations Committee

Being able to access affordable health coverage is a critical step towards health and wellbeing. In 2021, Maryland enacted a law that invested \$20 million per year for two years on subsidies to help lower-income young adults purchase health insurance. This program has made great strides in helping young Marylanders gain coverage, improving their health and financial stability. According to Maryland Health Benefit Exchange (MHBE) since the start of the program young adult enrollment increased much faster than enrollment as a whole (46% vs. 30%) and is benefitting over 64,000 people for health plan year 2025.^{i ii} **The Maryland Center on Economic Policy supports Senate Bill 5 because it will extend the subsidy program, continuing to address health equity and accessibility for a vulnerable population.**

Gaining health coverage greatly improves access to health care and decreases the negative effects of being uninsured. The two-year State-Based Young Adult Health Insurance Subsidies Pilot Program has been very successful. Young adults (18-34) are the age group most likely to be uninsured making up 43% of the uninsured adult population,ⁱⁱⁱ and this program has made great strides in helping them gain coverage. According to Maryland Health Benefit Exchange (MHBE) in 2022 about 45,000 young Marylanders have used these subsidies to enroll in insurance coverage, including over 17,000 who were new to the marketplace. MHBE's new enrollees comprised of young adults increased from 4% to more than 24%. Young adults were more likely to pay their premiums and continue coverage.

It is critical that this program continue to help young adults, many of whom have been able to access health coverage through Maryland Health Connection for the first time. Others who already had coverage were also better able to afford their plans or upgrade to higher-level plans with lower cost-sharing. The federal health emergency coming to an end this year makes this program even more important so that young adults who are no longer eligible for Medicaid can afford coverage in the individual market and not experience a gap in coverage.

Further, the subsidies program is a good use of state dollars, as plans for young adults compared with other groups tend to cost less, which means that the dollars for the state subsidy program stretch further in covering as many uninsured individuals as possible. Making coverage for young adults more affordable also helps to stabilize premiums within the market as a whole by bringing more healthy people into the market, the latter of which continues to be part of strategic plan.

SB 5 is a step toward improving health accessibility and affordability in Maryland. With the continuance of this program, the state would be better equipped to become a healthier place for all its residents. For these reasons,

the Maryland Center on Economic Policy respectfully requests the Health and Government Operations Committee to make a favorable report on Senate Bill 5.

Equity Impact Analysis: Senate Bill 5

Bill Summary

SB 5 would repeal the expiration of the State-Based Young Adult Health Insurance Subsidies Pilot Program

Background

In 2021, the Maryland General Assembly passed a law that required the Maryland Health Benefit Exchange (MHBE) to establish and implement a State-Based Young Adult Health Insurance Subsidies Pilot Program from fiscal years 2022 through 2024. The program was designed to reduce the amount that young adults pay for health benefit plans in the individual market and target young adults who were not directly impacted by the State Reinsurance Program. The two-year pilot offers assistance to adults ages 18-34 who either earned up to about \$50,000, or whose incomes fall between 138% and 400% of the federal poverty level.^{iv} According to the MHBE, enrollments by young adults ages 18-34 surpassed 50,000 in 2022, a 7% increase from the previous year and mainly propelled by the subsidy program.ⁱⁱⁱ Monthly premiums dropped by \$40 on average for more than 33,000 young adults who qualified for the financial assistance.ⁱⁱⁱ

Equity Implications

A 2020 report by the MHBE showed that of non-Medicaid eligible and lawfully present young adults, Hispanic/Latino and Black young adults were most likely to be uninsured: their uninsured rates, 16% and 9% respectively, were roughly two to three times greater than for white young adults (5%).^v The young adult subsidies program has reduced racial and ethnic disparities within the 18-34 age group. In 2022 young adult subsidy recipients were more likely to be Latino or Black than young adult enrollees ineligible for the subsidy. In 2023, Latino young adult enrollment grew 13% more than any other population. This program is improving health equity in our state.

Not only does accessibility matter in sustaining health, so does affordability. Subsidies and other forms of financial assistance can reduce young adults' need to rely on less affordable and comprehensive health coverage, and can encourage preventative rather than urgent care.

Impact

SB 5 will likely **improve racial, health and economic equity** in Maryland.

ⁱ Report on Young Adult Subsidy Program, 2023, Maryland Health Benefit Exchange <https://www.marylandhbe.com/wp-content/uploads/2024/12/Report-on-the-Young-Adult-Subsidy-Program.pdf>

ⁱⁱ Press Release, Nearly 250,000 Enroll for 2025 Plans Through Maryland Health Connection, 2025 <https://www.marylandhbe.com/wp-content/uploads/2025/01/Maryland-Health-Connection-Enrollment-Press-Release-01.17.25.pdf>

ⁱⁱⁱ "Annual Report 2022," 2022, Maryland Health Benefit Exchange, <https://www.marylandhbe.com/wp-content/uploads/2022/12/MHBE-2022-Annual-Report.pdf>

^{iv} "Open Enrollment on Maryland Health Exchange Readies to Launch with New Subsidies for Young Adults," 2021, <https://www.baltimoresun.com/health/bs-hs-health-exchange-subsidies-for-young-adults-20211028-ez3zqm6bwbbpsfll4cvlot37s4-story.html>

^v "Report on Establishing State-Based Individual Market Health Insurance Subsidies," 2020, Maryland Health Benefit Exchange, <https://www.marylandhbe.com/wp-content/uploads/2022/12/Report-on-Establishing-State-Based-Individual-Market-Health-Insurance-Subsidies-2020.pdf>