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Date: March 27, 2025

Bill # / Title: House Bill 1082 - Health Insurance - Individual Market Stabilization - Establishment of the State-Based Health Insurance Subsidies Program

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for House Bill 1082.

This bill directs the Maryland Health Benefits Exchange (MHBE), in consultation with the Maryland Insurance Commissioner, to establish and implement the State-Based Health Insurance Subsidies Program (Program) to mitigate the impact of a reduction in the enhanced federal advance premium tax credits (APTCs) (scheduled to occur on 12/31/25, absent federal congressional action), and to maximize enrollment in the individual market. The subsidy is created for two plan years –2026 and 2027. This extends over three fiscal years, FY 2026-2028, because the third and fourth quarters of 2027 are part of Fiscal Year 2028. The Program is funded through the assessment under § 6–102.1 of the Insurance Article.

APTCs are advance payments of tax credits Maryland consumers can use to lower their monthly insurance premiums when they enroll in a plan through Maryland’s State-based health insurance marketplace (the Exchange). Consumers can use APTCs for a plan in any metal category, except for catastrophic. When comparing plans, consumers can select the amount of the APTC for which they are eligible that they want paid on their behalf to their chosen insurance company.

The American Rescue Plan Act of 2021 (ARPA) expanded eligibility for APTCs for the 2021 and 2022 plan years, and the Inflation Reduction Act (IRA) extended this provision through the 2025 plan year. Under the IRA, APTCs are now also available through 2025 to consumers who otherwise meet eligibility requirements and who have an expected household income above 400 percent of the federal poverty level. In addition to expanding eligibility, these acts also enhanced the level of subsidies for all consumers who were already eligible. However, these enhanced subsidies will expire at the end of this year unless a new law extending the subsidies is passed at the federal level.

In addition to leading to record levels of enrollment through the Exchange, the impact of enhanced tax credits has led to significant gains in health equity, with African-American and Latino enrollment increasing by 23% and 25% respectively year over year.

It is also important to note that Maryland's reinsurance program is a key market stabilizer in the State's individual market. The MIA has worked with the sponsor, the Committee, and stakeholders to ensure that the Program is sized to preserve Maryland's reinsurance program as well as mitigate adverse market impacts of the loss of enhanced subsidies.

Since its introduction, House Bill 1082 has been amended to include additional factors for consideration when MHBE and the Insurance Commissioner establish subsidy and eligibility payment parameters for the program. These parameters will consider both the necessary state funds for stabilizing the State Reinsurance Program and the uncertainties in enrollment across the Maryland Medical Assistance Program, the individual market, and the small group market due to changes in regulations and funding at the state and federal levels.

For these reasons, the MIA recommends a favorable committee report on House Bill 1082 and thanks the committee for the opportunity to share its support.