

HOUSE BILL 297

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CF SB 5

By: ~~Delegate Kerr~~ Delegates Kerr, Bagnall, Bhandari, Cullison, Guzzone, Hill, S. Johnson, Kaiser, Lopez, Martinez, Pena-Melnyk, Rosenberg, Taveras, White Holland, Woods, and Woorman

Introduced and read first time: January 9, 2025

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 18, 2025

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Benefit Exchange – State-Based Young Adult Health**
3 **Insurance Subsidies Pilot Program – Sunset Repeal**

4 FOR the purpose of renaming the State-Based Young Adult Health Insurance Subsidies
5 Pilot Program to be the State-Based Young Adult Health Insurance Subsidies
6 Program; repealing the termination date of certain provisions of law that establish
7 and govern the funding for the Program; authorizing rather than requiring the
8 Maryland Health Benefit Exchange to establish and implement the Program;
9 prohibiting the Exchange from implementing the Program if certain funds are not
10 available; and generally relating to the health insurance subsidies for young adults.

11 BY repealing and reenacting, without amendments,

12 Article – Insurance

13 Section 31–107(a)

14 Annotated Code of Maryland

15 (2017 Replacement Volume and 2024 Supplement)

16 BY repealing and reenacting, with amendments,

17 Article – Insurance

18 Section 31–107(b), (f)(1)(iv), and (g)(1) and 31–122

19 Annotated Code of Maryland

20 (2017 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Chapter 778 of the Acts of the General Assembly of 2021, as amended by Chapters
 3 256 and 257 of the Acts of the General Assembly of 2023
 4 Section 2

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 6 That the Laws of Maryland read as follows:

7 **Article – Insurance**

8 31–107.

9 (a) There is a Maryland Health Benefit Exchange Fund.

10 (b) (1) The purpose of the Fund is to:

11 (i) provide funding for the operation and administration of the
 12 Exchange in carrying out the purposes of the Exchange under this subtitle;

13 (ii) provide funding for the establishment and operation of the State
 14 Reinsurance Program authorized under this subtitle;

15 (iii) provide funding for the Medical Assistance Program and the
 16 Senior Prescription Drug Assistance Program;

17 (iv) provide funding for the establishment and operation of Health
 18 Equity Resource Communities under Title 20, Subtitle 14 of the Health – General Article;
 19 and

20 (v) provide funding for the establishment and operation of the
 21 State–Based Young Adult Health Insurance Subsidies [Pilot] Program authorized under
 22 this subtitle.

23 (2) The operation and administration of the Exchange, the State
 24 Reinsurance Program, the State–Based Young Adult Health Insurance Subsidies [Pilot]
 25 Program, and the Qualified Resident Enrollment Program may include functions delegated
 26 by the Exchange to a third party under law or by contract.

27 ~~(c) The Exchange shall administer the Fund.~~

28 ~~(d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of~~
 29 ~~the State Finance and Procurement Article.~~

30 ~~(2) The State Treasurer shall hold the Fund separately, and the~~
 31 ~~Comptroller shall account for the Fund.~~

32 ~~(e) The Fund consists of:~~

- 1 ~~(1) any user fees or other assessments collected by the Exchange;~~
- 2 ~~(2) all revenue deposited into the Fund that is received from the~~
3 ~~distribution of the premium tax under § 6-103.2 of this article;~~
- 4 ~~(3) income from investments made on behalf of the Fund;~~
- 5 ~~(4) interest on deposits or investments of money in the Fund;~~
- 6 ~~(5) money collected by the Board as a result of legal or other actions taken~~
7 ~~by the Board on behalf of the Exchange or the Fund;~~
- 8 ~~(6) money donated to the Fund;~~
- 9 ~~(7) money awarded to the Fund through grants;~~
- 10 ~~(8) any pass-through funds received from the federal government under a~~
11 ~~waiver approved under § 1332 of the Affordable Care Act;~~
- 12 ~~(9) any funds designated by the federal government to provide reinsurance~~
13 ~~to carriers that offer individual health benefit plans in the State;~~
- 14 ~~(10) any funds designated by the State to provide reinsurance to carriers~~
15 ~~that offer individual health benefit plans in the State;~~
- 16 ~~(11) any funds designated by the State to provide State-based health~~
17 ~~insurance subsidies to young adults in the State;~~
- 18 ~~(12) any federal funds received in accordance with § 31-121 of this subtitle~~
19 ~~for the administration of small business tax credits; and~~
- 20 ~~(13) any other money from any other source accepted for the benefit of the~~
21 ~~Fund.~~

22 (f) (1) The Fund may be used only:

- 23 ~~(i) 1. for the operation and administration of the Exchange in~~
24 ~~carrying out the purposes authorized under this subtitle;~~
- 25 ~~2. for the establishment and operation of the State~~
26 ~~Reinsurance Program; and~~
- 27 ~~3. for appropriations to the Health Equity Resource~~
28 ~~Community Reserve Fund under § 20-1407 of the Health General Article;~~

~~(ii) in fiscal years 2021 and 2022, for the Medical Assistance Program within the Medical Care Programs Administration of the Maryland Department of Health;~~

~~(iii) in fiscal year 2022, for the Senior Prescription Drug Assistance Program established under Title 15, Subtitle 10 of the Health General Article; and~~

(iv) for the establishment and operation of the State-Based Young Adult Health Insurance Subsidies [Pilot] Program.

~~(2) In each of fiscal years 2023 through 2025, the Governor shall:~~

~~(i) transfer \$15,000,000 to the Health Equity Resource Community Reserve Fund; and~~

~~(ii) include the funds transferred in accordance with item (i) of this paragraph in the annual budget bill as an appropriation to the Health Equity Resource Community Reserve Fund under § 20-1407 of the Health General Article.~~

(g) (1) The Board shall maintain separate accounts within the Fund for Exchange operations, for the State Reinsurance Program, and for the State-Based Young Adult Health Insurance Subsidies [Pilot] Program.

~~(2) Accounts within the Fund shall contain the money that is intended to support the purpose for which each account is designated.~~

~~(3) Funds received from the distribution of the premium tax under § 6-103.2 of this article shall be placed in the account for Exchange operations and may be used only for the purpose of funding the operation and administration of the Exchange.~~

~~(4) The following funds may be used only for the purposes of funding the State Reinsurance Program:~~

~~(i) any pass-through funds received from the federal government under a waiver approved under § 1332 of the Affordable Care Act to provide reinsurance to carriers that offer individual health benefit plans in the State;~~

~~(ii) any funds designated by the federal government to provide reinsurance to carriers that offer individual health benefit plans in the State;~~

~~(iii) any funds designated by the State to provide reinsurance to carriers that offer individual health benefit plans in the State; and~~

~~(iv) except as provided in subsection (f) of this section, funds received from the distribution of the assessment under § 6-102.1 of this article.~~

1 ~~(h) (1) Expenditures from the Fund for the purposes authorized by this~~
2 ~~subtitle may be made only:~~

3 ~~(i) with an appropriation from the Fund approved by the General~~
4 ~~Assembly in the State budget; or~~

5 ~~(ii) by the budget amendment procedure provided for in Title 7,~~
6 ~~Subtitle 2 of the State Finance and Procurement Article.~~

7 ~~(2) Notwithstanding § 7-304 of the State Finance and Procurement Article,~~
8 ~~if the amount of the distribution from the premium tax under § 6-103.2 of this article~~
9 ~~exceeds in any State fiscal year the actual expenditures incurred for the operation and~~
10 ~~administration of the Exchange, funds in the Exchange operations account from the~~
11 ~~premium tax that remain unspent at the end of the State fiscal year shall revert to the~~
12 ~~General Fund of the State.~~

13 ~~(3) If operating expenses of the Exchange may be charged to either State~~
14 ~~or non-State fund sources, the non-State funds shall be charged before State funds are~~
15 ~~charged.~~

16 ~~(i) (1) The State Treasurer shall invest the money of the Fund in the same~~
17 ~~manner as other State money may be invested.~~

18 ~~(2) Any investment earnings of the Fund shall be credited to the Fund.~~

19 ~~(3) Except as provided in subsection (h)(2) of this section, no part of the~~
20 ~~Fund may revert or be credited to the General Fund or any special fund of the State.~~

21 ~~(j) A debt or an obligation of the Fund is not a debt of the State or a pledge of~~
22 ~~credit of the State.~~

23 31-122.

24 (a) In this section, ["Pilot Program"] "**PROGRAM**" means the State-Based Young
25 Adult Health Insurance Subsidies [Pilot] Program.

26 (b) **(1) The SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
27 **Exchange, in consultation with the Commissioner and as approved by the Board, shall MAY**
28 **establish and implement a State-Based Young Adult Health Insurance Subsidies [Pilot]**
29 **Program to provide subsidies to young adults for the purchase of health benefit plans in**
30 **the individual health insurance market.**

31 **(2) THE EXCHANGE MAY NOT IMPLEMENT THE PROGRAM FOR**
32 **CALENDAR YEARS IN WHICH FUNDS FROM THE DISTRIBUTION OF THE ASSESSMENT**
33 **UNDER § 6-102.1 OF THIS ARTICLE ARE NOT AVAILABLE.**

1 (c) The [Pilot] Program required under this section shall be designed to:

2 (1) reduce the amount that young adults pay for health benefit plans in the
3 individual health insurance market; and

4 (2) target young adults who are not directly impacted by the State
5 Reinsurance Program.

6 (d) (1) For EACH calendar [years 2022 through 2025] YEAR, the Exchange, in
7 consultation with the Commissioner and as approved by the Board, shall establish subsidy
8 eligibility and payment parameters for the [Pilot] Program.

9 (2) In determining the subsidy eligibility and payment parameters
10 required under paragraph (1) of this subsection, the Exchange shall consider:

11 (i) young adults at least 18 years old and under the age of 41 years;
12 and

13 (ii) income groups between 133% and 400% of the federal poverty
14 level.

15 (e) ~~¶(1)¶~~ Subject to available funds ~~¶and paragraph (2) of this subsection¶~~, in
16 each [of] fiscal [years 2022 through 2026] YEAR, the Exchange may designate funds from
17 the Fund to be used for the [Pilot] Program so that annual subsidies may be provided to
18 young adults who meet the subsidy eligibility and payment parameters established under
19 subsection (d) of this section.

20 ~~¶(2) (I)~~ For each of calendar years 2024 and 2025, the funds designated
21 under paragraph (1) of this subsection may not exceed \$20,000,000 plus any unspent funds
22 designated for subsidies for young adults in a previous calendar year.~~¶~~

23 **¶(II) FOR CALENDAR YEAR 2026 AND EACH CALENDAR YEAR**
24 **THEREAFTER, THE EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER, MAY**
25 **DESIGNATE FUNDS FROM THE FUND TO PROVIDE ANNUAL SUBSIDIES TO YOUNG**
26 **ADULTS WHO MEET THE SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS**
27 **ESTABLISHED UNDER SUBSECTION (D) OF THIS SECTION.**

28 (f) The Exchange shall adopt regulations implementing the provisions of this
29 section.

30 (g) The Exchange shall adopt regulations to provide a subsidy to cover 100% of
31 the cost of the premium for young adults who have a 0% expected contribution under the
32 subsidy eligibility parameters established under subsection (d) of this section.

33 (h) (1) The Exchange shall track on a monthly basis expenditures on subsidies
34 provided under the [Pilot] Program, including:

1 (i) the average number of young adults receiving subsidies under
2 the [Pilot] Program; and

3 (ii) the average subsidy amount received by young adults under the
4 [Pilot] Program.

5 (2) The Exchange shall track:

6 (i) the impact the [Pilot] Program has on rates in the individual
7 insurance market; and

8 (ii) the impact of covering 100% of the cost of premiums for qualified
9 participants on effectuation rates and termination for nonpayment rates.

10 (3) The information tracked by the Exchange under paragraphs (1) and (2)
11 of this subsection shall be:

12 (i) posted on the website of the Exchange; and

13 (ii) included in the annual report required under §
14 31-119(d) of this subtitle.

15 **Chapter 778 of the Acts of 2021, as amended by Chapters 256 and 257 of the Acts**
16 **of 2023**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
18 1, 2021. [It shall remain effective for a period of 5 years and, at the end of June 30, 2026,
19 this Act, with no further action required by the General Assembly, shall be abrogated and
20 of no further force and effect.]

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.