

HOUSE BILL 1082

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By: **Delegates Pena–Melnyk, Cullison, and White Holland**

Introduced and read first time: February 5, 2025

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Individual Market Stabilization – Establishment of the**
3 **State–Based Health Insurance Subsidies Program**

4 FOR the purpose of establishing the State–Based Health Insurance Subsidies Program to
5 provide subsidies to individuals in the State to mitigate the impact of a reduction in
6 certain federal advance premium tax credits in a certain calendar year; requiring the
7 Maryland Health Benefit Exchange to implement the Program under certain
8 circumstances; and generally relating to the individual health insurance market.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 31–107
12 Annotated Code of Maryland
13 (2017 Replacement Volume and 2024 Supplement)

14 BY adding to
15 Article – Insurance
16 Section 31–125
17 Annotated Code of Maryland
18 (2017 Replacement Volume and 2024 Supplement)

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

21 **Article – Insurance**

22 31–107.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

5 (iii) provide funding for the Medical Assistance Program and the
6 Senior Prescription Drug Assistance Program;

7 (iv) provide funding for the establishment and operation of Health
8 Equity Resource Communities under Title 20, Subtitle 14 of the Health – General Article;
9 [and]

10 (v) provide funding for the establishment and operation of the
11 State–Based Young Adult Health Insurance Subsidies Pilot Program authorized under this
12 subtitle; AND

13 **(VI) PROVIDE FUNDING FOR THE ESTABLISHMENT OF**
14 **STATE–BASED HEALTH INSURANCE SUBSIDIES TO MITIGATE THE IMPACT OF A**
15 **REDUCTION IN FEDERAL ADVANCE PREMIUM TAX CREDITS UNDER 26 U.S.C. §**
16 **36B(B)(3)(A)(III).**

17 (2) The operation and administration of the Exchange, the State
18 Reinsurance Program, the State–Based Young Adult Health Insurance Subsidies Pilot
19 Program, and the Qualified Resident Enrollment Program may include functions delegated
20 by the Exchange to a third party under law or by contract.

21 (c) The Exchange shall administer the Fund.

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

24 (2) The State Treasurer shall hold the Fund separately, and the
25 Comptroller shall account for the Fund.

26 (e) The Fund consists of:

27 (1) any user fees or other assessments collected by the Exchange;

28 (2) all revenue deposited into the Fund that is received from the
29 distribution of the premium tax under § 6–103.2 of this article;

30 (3) income from investments made on behalf of the Fund;

31 (4) interest on deposits or investments of money in the Fund;

1 (5) money collected by the Board as a result of legal or other actions taken
2 by the Board on behalf of the Exchange or the Fund;

3 (6) money donated to the Fund;

4 (7) money awarded to the Fund through grants;

5 (8) any pass-through funds received from the federal government under a
6 waiver approved under § 1332 of the Affordable Care Act;

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

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

11 (11) any funds designated by the State to provide State-based health
12 insurance subsidies to young adults in the State;

13 **(12) ANY FUNDS DESIGNATED BY THE STATE TO PROVIDE**
14 **STATE-BASED HEALTH INSURANCE SUBSIDIES TO INDIVIDUALS IN THE STATE TO**
15 **MITIGATE THE IMPACT OF A REDUCTION IN FEDERAL ADVANCE PREMIUM TAX**
16 **CREDITS UNDER 26 U.S.C. § 36B(B)(3)(A)(III);**

17 **[(12)] (13)** any federal funds received in accordance with § 31-121 of this
18 subtitle for the administration of small business tax credits; and

19 **[(13)] (14)** any other money from any other source accepted for the benefit
20 of the Fund.

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

22 (i) 1. for the operation and administration of the Exchange in
23 carrying out the purposes authorized under this subtitle;

24 2. for the establishment and operation of the State
25 Reinsurance Program; and

26 3. for appropriations to the Health Equity Resource
27 Community Reserve Fund under § 20-1407 of the Health – General Article;

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

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

3 (iv) for the establishment and operation of the State–Based Young
4 Adult Health Insurance Subsidies Pilot Program; AND

5 (V) IN FISCAL YEARS 2026 AND 2027, FOR THE ESTABLISHMENT
6 OF STATE–BASED HEALTH INSURANCE SUBSIDIES TO MITIGATE THE IMPACT OF A
7 REDUCTION IN FEDERAL ADVANCE PREMIUM TAX CREDITS UNDER 26 U.S.C. §
8 36B(B)(3)(A)(III).

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

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

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

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

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

20 (3) Funds received from the distribution of the premium tax under §
21 6–103.2 of this article shall be placed in the account for Exchange operations and may be
22 used only for the purpose of funding the operation and administration of the Exchange.

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

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

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

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

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

1 **(5) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION,**
2 **FUNDS RECEIVED FROM THE DISTRIBUTION OF THE ASSESSMENT UNDER § 6-102.1**
3 **OF THIS ARTICLE MAY BE USED ONLY FOR PURPOSES OF FUNDING THE STATE**
4 **REINSURANCE PROGRAM AND THE STATE-BASED HEALTH INSURANCE SUBSIDIES**
5 **PROGRAM.**

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

8 (i) with an appropriation from the Fund approved by the General
9 Assembly in the State budget; or

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

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

18 (3) If operating expenses of the Exchange may be charged to either State
19 or non-State fund sources, the non-State funds shall be charged before State funds are
20 charged.

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

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

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

26 (j) A debt or an obligation of the Fund is not a debt of the State or a pledge of
27 credit of the State.

28 **31-125.**

29 **(A) IN THIS SECTION, “PROGRAM” MEANS THE STATE-BASED HEALTH**
30 **INSURANCE SUBSIDIES PROGRAM.**

31 **(B) THE EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER AND AS**
32 **APPROVED BY THE BOARD, SHALL ESTABLISH AND IMPLEMENT A STATE-BASED**
33 **HEALTH INSURANCE SUBSIDIES PROGRAM TO PROVIDE SUBSIDIES TO INDIVIDUALS**

1 FOR THE PURCHASE OF HEALTH BENEFIT PLANS IN THE INDIVIDUAL HEALTH
2 INSURANCE MARKET.

3 (C) THE PROGRAM REQUIRED UNDER THIS SECTION SHALL BE DESIGNED
4 TO:

5 (1) MAINTAIN AFFORDABILITY FOR INDIVIDUALS PURCHASING
6 HEALTH BENEFIT PLANS THROUGH THE EXCHANGE; AND

7 (2) TARGET INDIVIDUALS WHO EXPERIENCE AN INCREASE IN THE
8 APPLICABLE PERCENTAGES ESTABLISHED UNDER 26 U.S.C. § 36B(B)(3)(A)(III)
9 FOR PREMIUMS BASED ON HOUSEHOLD INCOME IN CALENDAR YEAR 2026, AS
10 COMPARED TO THE APPLICABLE PERCENTAGES IN PLACE FOR CALENDAR YEAR
11 2025.

12 (D) SUBJECT TO AVAILABLE FUNDS, FOR CALENDAR YEAR 2026, THE
13 EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER AND AS APPROVED BY
14 THE BOARD, SHALL ESTABLISH SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS
15 FOR THE PROGRAM THAT:

16 (1) MITIGATE A REDUCTION IN ADVANCE PREMIUM TAX CREDITS
17 BECAUSE OF CHANGES IN THE APPLICABLE PERCENTAGES DESCRIBED IN
18 SUBSECTION (C)(2) OF THIS SECTION; AND

19 (2) MAXIMIZE ENROLLMENT IN THE INDIVIDUAL MARKET.

20 (E) IN FISCAL YEARS 2026 AND 2027, THE EXCHANGE MAY DESIGNATE
21 FUNDS FROM THE FUND TO BE USED FOR THE PROGRAM.

22 (F) THE EXCHANGE SHALL ADOPT REGULATIONS TO CARRY OUT THIS
23 SECTION.

24 (G) (1) THE EXCHANGE SHALL TRACK ON A MONTHLY BASIS
25 EXPENDITURES ON SUBSIDIES PROVIDED UNDER THE PROGRAM, INCLUDING:

26 (I) THE AVERAGE NUMBER OF INDIVIDUALS RECEIVING
27 SUBSIDIES UNDER THE PROGRAM;

28 (II) THE AVERAGE SUBSIDY AMOUNT RECEIVED BY
29 INDIVIDUALS UNDER THE PROGRAM; AND

30 (III) THE IMPACT THE PROGRAM HAS ON RATES IN THE
31 INDIVIDUAL INSURANCE MARKET.

1 **(2) THE INFORMATION TRACKED BY THE EXCHANGE UNDER**
2 **PARAGRAPH (1) OF THIS SUBSECTION SHALL BE:**

3 **(I) POSTED ON THE WEBSITE OF THE EXCHANGE; AND**

4 **(II) INCLUDED IN THE ANNUAL REPORT REQUIRED UNDER §**
5 **31-119(D) OF THIS SUBTITLE.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That:

7 (a) Section 1 of this Act is contingent on the federal government eliminating or
8 significantly reducing advanced premium tax credits under 26 U.S.C. § 36B(b)(3)(A)(iii) and
9 the Maryland Health Benefit Exchange Board and the Insurance Commissioner
10 determining that the elimination or reduction in advanced premium tax credits will cause
11 an increase of at least 15% in average premiums net of federal advance premium tax credits
12 in the individual market in the State.

13 (b) Within 5 days after making the determination described in subsection (a) of
14 this section, the Exchange and the Commissioner shall notify the Department of Legislative
15 Services.

16 (c) If notice is received by the Department of Legislative Services in accordance
17 with subsection (b) of this section on or before July 1, 2026, Section 1 of this Act shall take
18 effect on the date the notice is received by the Department of Legislative Services. It shall
19 remain effective through July 1, 2027, and, at the end of July 1, 2027, with no further action
20 required by the General Assembly, shall be abrogated and of no further force and effect.

21 (d) If notice is not received by the Department of Legislative Services on or before
22 July 1, 2026, Section 1 of this Act, with no further action required by the General Assembly,
23 shall be null and void.

24 SECTION 3. AND BE IT FURTHER ENACTED, That, subject to Section 2 of this
25 Act, this Act shall take effect July 1, 2025.