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**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

February 5, 2020

To: The Honorable Delores G. Kelley  
Chair, Finance Committee

From: Patricia F. O'Connor, Health Education and Advocacy Unit

Re: Senate Bill 124 (Maryland Health Benefit Exchange - Establishment of a State-Based Health Insurance Subsidies Program): Support

The Office of the Attorney General's Health Education and Advocacy Unit (HEAU) supports Senate Bill 124, which would require the Maryland Health Benefit Exchange to create a subsidies program for the purchase of individual plans through the Exchange. The program must be designed to reduce the amount that individuals pay for health benefit plans in the individual health insurance market. The Exchange must establish eligibility and payment parameters for calendar year 2021 and for each subsequent year. The Exchange also must determine whether the program requires the State to apply for a federal Section 1332 waiver, and if so, to apply. Funding would come from carrier assessments currently used to fund the state reinsurance program. The current provisions regarding the Maryland Health Benefit Exchange Fund would be expanded to include funding for the subsidies program and allow the Exchange to allocate funds between the state reinsurance program and the subsidies program.

We believe a subsidies program, if enacted, would be an effective means of continuing the recent downward trend in premiums for individual plans through the Exchange. Due in large part to the state's reinsurance program, premiums declined in Maryland's individual market in 2019 and again in 2020, and enrollment increased both years. Total enrollment for 2020 was the highest in four years, an upward trend that we believe decreasing premiums costs would help sustain.

For these reasons, we urge a favorable report by the Committee.