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**HB0196**

February 20, 2020

**TO:** Members of the House Government and Operations Committee

**FROM:** Nicholas Blendy, Deputy Director of Government Relations

**RE:** House Bill 196 – Maryland Health Benefit Exchange—Establishment of State-Based Health Insurance Subsidies Program

**POSITION: SUPPORT**

Chair Pendergrass, Vice Chair Pena-Melnyk, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 196.

In 2019, 156,000 Marylanders selected to enroll in individual market plans formed by the Affordable Care Act.<sup>1</sup> This number has remained steady over the past several years indicating that the formation of the individual marketplace has been useful to the health of our residents.

Unfortunately, despite recent reductions of average premiums, total out of pocket costs continue to be unaffordable. This year, the average annual cost of monthly premiums for a single person in Maryland earning 300% of the poverty line (\$38,280) is \$3,728—nearly 10% of their annual income. This same person can expect a federal subsidy of only \$5 per month. In addition, out of pocket costs also include co-payments and deductibles, which could reach a maximum of \$8,150.<sup>2</sup>

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<sup>1</sup> Health Insurance Marketplaces: Marketplace Enrollment 2014-2019. Kaiser Family Foundation. Accessed on 18 Feb 2020 at: <https://www.kff.org/state-category/health-reform/health-insurance-marketplaces/>

<sup>2</sup> Health Insurance Marketplace Calculator. Kaiser Family Foundation. Accessed on 18 Feb 2020 at: <https://www.kff.org/interactive/subsidy-calculator/>

The decision by the federal government to end payments to insurers for cost-sharing reductions means that states now play a bigger role in maintaining affordability of plans on the insurance marketplace.<sup>3</sup> Massachusetts provides an example of a state that has enacted a state-based insurance subsidy in ConnectorCare. This program provides both a premium and cost-sharing subsidy for eligible individuals with incomes up to 300% of the poverty line.<sup>4</sup> We should be the next state to form a similar program.

The formation of a state-based health insurance subsidies program will reduce financial strain on our residents, thereby allowing them to contribute to our state's economic growth and, most importantly, remain healthy.

We respectfully request a **favorable** report on House Bill 196.

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<sup>3</sup> Anderson, D. Managing marketplaces requires state regulators to make tough choices. *Health Services Research*. 19 June 2019. Accessed on 18 Feb 2020 at <https://onlinelibrary.wiley.com/doi/full/10.1111/1475-6773.13189#hesr13189-bib-0002>

<sup>4</sup> Chasse, J. Maryland Department of Legislative Services. Maryland General Assembly 2020 Session