



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Health and Government Operations Committee

FROM: NFIB – Maryland

DATE: February 20, 2020

RE: **OPPOSE HOUSE BILL 196** – Maryland Health Benefit Exchange – Establishment of a State-Based Health Insurance Subsidies Program

On behalf of Maryland's small businesses, NFIB-Maryland opposes House Bill 196 – legislation that would establish and implement a State-Based Health Insurance Subsidies Program. The purpose of the Program is to reduce the amount paid for health benefit plans only for individuals who participate in the Affordable Care Act's (ACA) individual market place. The subsidies will be paid for by the health insurer provider fee established under Chapters 37 and 38 of 2018 and Chapters 597 and 598 of 2019.

The health insurance tax established by §9010 of the Affordable Care Act (ACA) was suspended by Congress in early 2018 for calendar 2019 in a short-term continuing resolution to fund the federal government. The tax is designed to help fund the federal and state health benefit exchanges. The health insurance tax is in effect for calendar 2020 but in a victory for small businesses and those insured through employer-sponsored plans, the tax is abolished permanently beginning in calendar 2021.

Unfortunately, these victories will not be felt by the overwhelming majority of Marylanders who do not participate in the ACA's individual marketplace. For 2020 in particular, they will be double-taxed via the federal *and* state health insurer provider fee.

Nationally, there are approximately 180 million people who are insured through employer-sponsored plans. There are less than 10 million insured on the individual marketplace. The provider fees do not happen in a vacuum and are not absorbed by insurance providers. Those fees are passed down to ratepayers – ratepayers who overwhelmingly will never see any benefit from HB196.

HB196

NFIB members need affordable and predictable health insurance coverage; not taxes designed to lower rates for products a vast majority of them do not use. Alternatives could include association health plans (AHPs) and health reimbursement arrangements (HRAs).

NFIB's opposition is not aimed at the purpose of the dollars being spent per se – in this case a subsidies program – but rather how such dollars are collected. The provider fee is passed down to all ratepayers, regardless of whether they participate in the ACA's individual market or not. And given the fact that an overwhelming majority of the insured population receive their coverage from employer-sponsored plans means they are paying into a program they will never derive any benefit from.

NFIB members are also concerned HB196 creates a new program that will need a continued funding source. In this case a health insurance provider fee that will need to be reinstated beyond its current expiration date of 2023.

For these reasons **NFIB opposes HB196** and requests an unfavorable committee report.