

March 2, 2022

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
Senate Office Building, 3 East
11 Bladen St.
Annapolis, MD 21401

Re: SB 728 – Health Insurance – Qualified Resident State Subsidy Program (Access to Care Act) - Letter of Information

Dear Chair Kelley and Committee Member,

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of information on Senate Bill (SB) 728 – Health Insurance – Qualified Resident State Subsidy Program (Access to Care Act). SB 728 would establish and fund a subsidy program for populations who are currently ineligible for coverage through existing programs. MHBE would apply for a federal 1332 innovation waiver to allow these populations to enroll in Qualified Health Plans (QHP) through Maryland Health Connection (MHC).

In the last ten years, Maryland’s uninsured rate has fallen in half and stands at about six (6) percent as of 2019. Maryland has been a national leader in working to reduce the uninsured rate, including by implementing a state-based health insurance marketplace, launching the State Reinsurance Program which has reduced individual market premiums by more than 30 percent since 2019, enacting the Easy Enrollment Program to allow uninsured individuals to get connected to health coverage by checking a box on their state tax return, and instituting state premium assistance for young adults starting this year. However, as of 2019 approximately 357,000 individuals remain uninsured in Maryland, approximately 35 percent of whom are either ineligible for coverage through Medicaid or the individual market due to immigration status (about 115,900 individuals) or ineligible for federal financial assistance with health insurance premiums due to the federal family glitch (about 7,470 individuals).¹

We estimate that a Qualified Resident State Subsidy Program, if funded to allow provision of state subsidies to these individuals equivalent to existing federal premium assistance, could bring down the state’s uninsured rate by approximately 0.6 percentage points, to about 5.4 percent. Between 2024 and 2028, we expect that such a program would enroll about 29,000 - 52,500

¹ Family glitch: Individuals with a family member whose employer offers affordable self-only coverage (as determined by federal regulation) but not affordable family coverage are ineligible for exchange subsidies and may have difficulty affording health coverage. These individuals are referred to as falling within the “family glitch” in the Affordable Care Act.

individuals per year. These uptake estimates start lower and increase each year as awareness of the program grows.

Assuming that the state subsidy amount would be commensurate with the federal Advanced Premium Tax Credit (APTC), actuarial analysis estimates that the net cost to the state of the program after federal pass-through funding would be between \$90 million and \$190 million per year between 2024 and 2028.² Before federal pass-through funding, the cost is estimated at \$105 to \$222 million per year. We note that federal pass-through fundings would depend on federal approval of a federal 1332 waiver. The table below details the expenditure projections by year.

The analysis also shows that this subsidy program could reduce premiums for all consumers in the individual market. The last row of the table below shows estimated premium reductions of about 2 to 4 percent per year. It is worth noting, however, that without a subsidy, enrollment numbers and premium impact of a waiver alone would be much lower than they would be with a subsidy.

Table 2: Cost and Impact by Eligibility Scenario of Potential State Subsidy Program for Ineligible Individuals

Eligibility Scenario	Year				
Full population	2024	2025	2026	2027	2028
Enrollment	29,413	45,077	50,342	51,380	52,541
Gross cost	\$105,061,731	\$167,460,606	\$192,601,978	\$206,682,398	\$222,253,490
Fed. pass-through	\$14,812,663	\$22,473,808	\$27,188,740	\$30,508,782	\$32,731,635
Net cost to state	\$90,249,068	\$144,986,797	\$165,413,238	\$176,173,616	\$189,521,964
Premium impact	-2.3%	-3.3%	-3.8%	-3.8%	-3.9%

MHBE submitted a Joint Chairmen’s Report in November 2021 that contains detailed actuarial analysis for a waiver and subsidy model like the one put forth by SB 728. The report also includes information on existing resources for discounted healthcare services for these ineligible

² A key feature of the 1332 innovation waiver is that states receive federal “pass-through” funds equal to the amount that the waiver program saves the federal government. As shown in the table above, we estimate that MHBE would receive federal pass-through amounts between \$14 million and \$32 million per year if a state subsidy commensurate with APTC is put in place.



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individuals in Maryland and describes actions other states are taking or exploring to provide coverage to similarly situated individuals in their states. The report is available here:
[https://mlsd.ent.sirsi.net/client/en_US/default/search/detailnonmodal/ent:\\$002f\\$002fSD_ILS\\$002f0\\$002fSD_ILS:54246/one](https://mlsd.ent.sirsi.net/client/en_US/default/search/detailnonmodal/ent:$002f$002fSD_ILS$002f0$002fSD_ILS:54246/one).

For further discussions or questions on SB 728, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,

A handwritten signature in black ink that reads "Michele Eberle".

Michele Eberle
Executive Director