



**SB395 – Health Insurance – Individual Market Stabilization – Extension of
Provider Fee
Finance Committee
February 9, 2022**

Position: Unfavorable

Background: SB395 would extend the Maryland health insurance provider fee through 2028.

Comments: The Maryland Retailers Association (MRA) understands the goals behind SB395 of stabilizing the insurance market and lowering premiums, but we have concerns about the impact that the bill could have on small businesses in Maryland.

1. The fee applies only to fully insured health plans, which are state regulated and largely purchased by small businesses with fewer than 50 employees. These businesses have already been negatively impacted by the pandemic and cannot afford to continue to bear the brunt of this fee for an additional five years.
2. The fee does not apply to self-funded coverage, which makes up most of the Maryland health insurance market. This negatively affects the competitiveness of the market, as the impact of the fee is not spread evenly among plans.
3. The fee also applies to the Maryland Medicaid program. Extending the fee could increase the overall costs of healthcare in the state.
4. The national policies impacting state-based reinsurance programs have shifted during the pandemic with the passage of the American Rescue Plan Act (ARPA), and Congress is considering extending the subsidies included in the ARPA beyond 2022. These federal subsidy changes have impacted the market in Maryland by increasing the federal pass-through funding, which was not anticipated when the current fees were initially established in Maryland law. Maryland's new young adult subsidy program will also supplement the federal premium subsidies over the next two years. The Kaiser Family Foundation estimates that as a result of these subsidies, 43,000 uninsured Marylanders are now eligible for free Exchange coverage, reducing the need for the State Reinsurance Program.

Ultimately, we believe it is unnecessary and inappropriate to extend Maryland's fees beyond the original expiration date of 2023. We would respectfully urge an unfavorable report on SB395. Thank you for your consideration.