

March 30, 2023

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
Room 241, House Office Building
6 Bladen St.
Annapolis, MD 21401

Re: Letter of Support – SB 601 – Maryland Health Benefit Exchange – State-Based Young Adult Health Insurance Subsidies Pilot Program – Sunset Extension

Dear Chair Peña-Melnyk and Members of the House Health and Government Operations Committee:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support on Senate Bill (SB) 601 – Maryland Health Benefit Exchange – State-Based Young Adult Health Insurance Subsidies Pilot Program – Sunset Extension. As amended, SB 601 extends the sunset provision from the 2021 legislation SB729/HB780, to continue the MHBE Board’s authority to administer a state-based health insurance subsidies pilot program for young adults through calendar year 2025. MHBE is also prepared to conduct the study required by SB 601 in consultation with the Maryland Insurance Administration, and submit a report on findings and recommendations from the study to the General Assembly by December 1, 2024.

Over the last several years, Maryland has taken significant steps to stabilize the individual market, including implementation of the State Reinsurance Program – a partnership with the federal government that has reduced individual market premiums by 25 percent since 2019, and enacting Easy Enrollment Programs to allow uninsured individuals to get connected to health coverage by checking a box on their state tax return or unemployment claim. Despite these successes, Maryland’s uninsured rate has held steady at about 6%, with young adults remaining as the most likely to be uninsured. A 2019 analysis showed young adults ages 18-34 accounted for approximately 43% of non-Medicaid-eligible, lawfully present uninsured adults in Maryland,¹ and surveys of young adults have consistently reported costs as the primary barrier to enrolling in coverage. While the State Reinsurance Program has effectively reduced average premiums in the last couple years, it is not an effective way to reduce premiums for individuals below 400% of the federal poverty level (FPL).^{2,3} Premium subsidies are the most effective way to reduce costs for lower income individuals, including young adults.

Pursuant to legislation passed by the Maryland General Assembly in 2021, MHBE launched a two-year pilot program in 2022 to provide a state-funded premium subsidy to help young adults reduce the amount they pay for health plans on Maryland Health Connection (MHC). Young adults are eligible to receive the state subsidy if they are ages 18-34, below 400% FPL, and ineligible for Medicaid. The subsidy pairs with federal premium subsidies to reduce premiums costs on a sliding scale, with the youngest and lowest income young adults paying the least.

¹ MHBE analysis of 2019 American Community Survey data

² MHBE: [Report on Establishing State-Based Individual Market Health Insurance Subsidies](#) (December 2020). Pursuant to Chapter 104 of the Acts of 2020. See pages 10-11.

³ MHBE: [Draft Maryland 1332 State Innovation Waiver Five-Year Extension Application 2024-2028](#) (February 2023). See Appendix A, page 2.

In 2022 about **45,000 young adults** in Maryland received premium support from the pilot program, reducing their **average household premiums by 34%** (from \$106 to \$70 per month).⁴

Provided below is additional information from a preliminary analysis of year one of the young adult subsidy program (2022):

- Growth in young adult enrollment as of January 31st increased about 11% year-over-year, outperforming growth in enrollment of all ages (8%). This was the largest such increase in young adult enrollment growth in four years.⁵
- Young adults comprised **more than 24% of** the MHBE's total **new enrollees**, compared to 4% the year before.⁵
- As of December 2022, young adults were **less likely to drop coverage** compared to the prior year (when the subsidy wasn't in effect): The number of young adults who dropped coverage fell 3%, even though among enrollees of all ages, the number who dropped coverage rose by 9% compared to the prior year.⁶
- Young Adult Subsidy recipients, compared to young adult enrollees ineligible for the subsidy, are **more likely to be Hispanic** (14% vs. 9%), **Black/African American** (22% vs. 16%), **and female** (57% vs. 54%).

A preliminary analysis of the program shows encouraging results, however longitudinal data are needed to more validly assess the direct impact of the subsidies on individual behavior and choices. It is complex to isolate the impact of the Young Adult Subsidy on outcomes because recipient households received sizable federal subsidies compared to non-recipients, and federal subsidies increased substantially in 2021, improving affordability for most enrollees.

It's also important to note that throughout this pilot, Medicaid has not terminated enrollees due to the public health emergency. This has likely depressed Exchange enrollment across the board, including young adult enrollment. An MHBE analysis as of Spring 2022 indicated that approximately **22,000 young adults** were being retained on Medicaid despite reporting an income change that would have otherwise made them ineligible for Medicaid. The availability of affordable private health insurance options will be key to keeping young adults enrolled in coverage as Medicaid terminations resume in Spring 2023.

For further discussions or questions on SB 601, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,



Michele Eberle
Executive Director

⁴ MHBE analysis of average premiums net of federal Advance Premium Tax Credits.

⁵ MHBE analysis of change in effectuated young adult enrollment comparing January 31, 2022; January 31, 2021, and January 31, 2020. Year-over-year increase in young adult enrollment in 2021 was 0.6%.

⁶ MHBE analysis of change in lapsed enrollment as of December 31, 2022; December 31, 2021; and December 31, 2020. MHBE analysis of average premiums net of federal Advance Premium Tax Credits.