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Date:	**March 30, 2023**
Bill # / Title:	**Senate Bill 601 – Maryland Health Benefit Exchange – State–Based Young Adult Health Insurance Subsidies Pilot Program – Sunset Extension**
Committee:	**House Government and Operations Committee**
Position:	**Support as Amended**

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 601, as amended.

Senate Bill 601, as amended, extends the termination date of the sunset provision for the State–Based Young Adult Health Insurance Subsidies Pilot Program (the "Pilot Program") by two additional years. The Pilot Program was designed to reduce the amount young adults pay for health benefit plans offered in the individual market through eligibility for new subsidies, which are targeted to young adults (ages 18-40) who are not directly impacted by the State Reinsurance Program.

For context, federal law provides subsidies for individual health benefit plans issued through a marketplace in the form of tax credits. The tax credits are based on a combination of factors, including income. The tax credits were originally available for incomes up to 400% of the federal poverty line (FPL), and are only available for plans purchased through a marketplace, such as the Maryland Health Connection. Even with tax credits, young adult participation in the individual market was less than desired. Because insurance in the individual market is community rated, increasing the number of people with a low likelihood of claims (like young adults) reduces premiums for everyone in the market. Providing additional subsidies in order to further lower premiums was expected to increase the participation of young adults in the individual health insurance market, benefiting all individual market participants. The Pilot Program was intended to last for two years, beginning in January 2022 and terminating in June 2024.

As part of federal relief in light of the Covid-19 pandemic, the American Rescue Plan Act (ARPA) increased and expanded the tax credits available to offset insurance premium in the individual market.[1] The ARPA

[1] ARPA expanded and enhanced Affordable Care Act (ACA) marketplace premium subsidies for individuals at every income level. The subsidies already offered through the ACA were increased for

expanded tax credits have had a significant and independent impact on young adult enrollment in the Maryland individual market. However, year-end 2022 data shows additional incremental positive impact on young adult premiums in the individual marketplace, in addition to the support provided by ARPA, as a result of the Pilot Program. That positive impact is expected to continue to grow over the coming years, with the Pilot Program's extension.

Most significantly in terms of timing, the MIA notes that the Medicaid continuous enrollment provision that was in place during the pandemic ends this year on March 31, 2023. Beginning on April 1, 2023, approximately 22,000 young adults in the State will be dis-enrolled from Medicaid over the course of the next year, and will have to find other options for health insurance coverage. This offers an opportunity for significant additional growth in the individual ACA market. With young adults being considered to be generally healthier than the standard population, an influx of young adults into the individual market could lower the overall morbidity of the pool, and lower premium rates across the board. The MIA believes that the subsidies provided through the extended Pilot Program will be an important tool in enrolling these young adults in the Maryland individual market and successfully transitioning and retaining their participation in the private market.

The MIA supports Senate Bill 601, as amended, and its potential to decrease premium rates in the Maryland individual market. Thank you for the opportunity to provide this written testimony in support of Senate Bill 601, as amended. The MIA is available to provide additional information and assistance to the Committee.

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individuals with income between 100% and 400% of the FPL, providing for the possibility of zero-dollar premiums for low income individuals (those up to 150% of the FPL). Additionally, ARPA expanded subsidies to individuals with income above 400% of the FPL for the first time, in an effort to encourage individuals buying their insurance outside of the ACA marketplace due to cost, to consider returning to the marketplace.