

March 6, 2023

The Honorable C. T. Wilson
Chair, House Economic Matters Committee
Room 231, House Office Building
6 Bladen St.
Annapolis, MD 21401

Re: Letter of Information – HB 915 – Climate Change Adaptation and Mitigation Payment Program and Climate Impact Health Coverage Program - Establishment

Dear Chair Wilson and Members of the House Economic Matters Committee:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of information on House Bill (HB) 915 - Climate Change Adaptation and Mitigation Payment Program and Climate Impact Health Coverage Program – Establishment. Under the scope of this bill, HB 915 would direct 20 percent of revenues raised under the Climate Change Adaptation and Mitigation Fund established by this bill, for the Exchange to establish and operate a Climate Impact Health Coverage Program. The Program would provide health insurance state premium assistance and cost-sharing reductions targeted to populations with high rates of uninsurance and individuals who are ineligible for federal financial assistance. The Exchange would establish program and eligibility payment parameters beginning calendar year 2025.

In the last ten years, Maryland’s uninsured rate has fallen in half and stands at about six (6) percent. 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 **25 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 or unemployment claim, and instituting state premium assistance for young adults. However, as of 2019 approximately **357,000 individuals** remain uninsured in Maryland. For many of those who remain uninsured, costs continue to be a barrier to enrolling in coverage. While the State Reinsurance Program has effectively reduced average premiums in the last several years, it is not an effective way to reduce premiums for individuals below 400% of the federal poverty level (FPL).^{1,2} Premium subsidies are the most effective way to reduce costs for lower income individuals.

It’s possible that establishing a Climate Impact Health Coverage Program would reduce premiums across the individual market due to the increased affordability of qualified health plans, and subsequent increased enrollment. The extent of premium reductions would depend on the quantity and health status of new enrollees, which would be affected by the level of state premium assistance provided. Increased enrollment and lower uninsured rates can have a cascade of other net positive impacts, including improving the overall health of the State’s population, and decreasing costs of uncompensated care. In fiscal year 2021 Maryland hospitals provided over **\$780 million** in uncompensated care, with some hospitals paying upward of **10 percent** of their total allocated budget towards uncompensated care.³

¹ 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.

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

³ Health Services Cost Review Commission (HSCRC): [Rate Year 2023 Uncompensated Care Report](#) (June 2022).

In addition to state funds, under the federal Affordable Care Act (ACA) Section 1332 innovation waiver program, states receive federal “pass-through” funds equal to the amount that the waiver program saves the federal government. It is difficult to estimate the amount of pass-through funding Maryland might receive as a consequence of the proposed 1332 waiver amendment. The higher the level of state subsidies, the more likely that the program would attract significantly more, relatively healthy enrollees to the individual market. This could lower the federal government’s cost of providing advance premium tax credits (APTCs) to existing Marketplace enrollees, thereby increasing federal “pass-through” funds the state receives.

Other states have implemented state-funded insurance subsidy programs, including **Massachusetts** and **Vermont** who have two of the lowest uninsured rates in the country:

- Massachusetts (2.5 percent uninsured rate) operates their ConnectorCare program, which covers consumers with household income up to 300 percent of the federal poverty level (FPL), supplementing federal premium and cost-sharing reductions for around **193,000** low to moderate income residents.⁴
- Vermont (3.7 percent uninsured rate) operates supplementary state cost-sharing reductions and their Vermont Premium Assistance (VPA) program which reduces the maximum allowed premium for certain plans to 1.5 percent lower than the federal guidelines, for households with income up to 300 percent FPL.⁵

In addition, in 2022 **Colorado** received approval for a package of reforms under a 1332 waiver, including provision of a subsidy to undocumented individuals.⁶

The Exchange has one technical amendment on page 17 line 8, to read: “(STATE) INNOVATION WAIVER APPLICATION AMENDMENT UNDER §1332 OF THE AFFORDABLE CARE ACT...”. The State has a 1332 waiver, and this amendment clarifies the Exchange would be submitting an *amendment* to the currently approved waiver.

MHBE supports continued initiatives that aim to further reduce the uninsured rate, and that promote health equity and access to care in Maryland. For further discussions or questions on the Climate Impact Health Coverage Program proposed under HB 915, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,



Michele Eberle
Executive Director

⁴ Massachusetts Health Connector: [Massachusetts Cost Sharing Subsidies in ConnectorCare: Design, Administration, and Impact](#) (August 2021).

⁵ Department of Vermont Health Access – Vermont Health Connect. Accessed at <https://info.healthconnect.vermont.gov/financial-help> (February 2023).

⁶ Centers for Medicare & Medicaid Services. <https://www.cms.gov/newsroom/fact-sheets/colorado-state-innovation-waiver-0>