

Maryland Needs to Continue Supporting Young Adult Health

Position Statement Supporting House Bill 814

Given before the House Health and Government Operations Committee

Being able to access affordable health coverage is a critical step towards health and wellbeing. In 2021, Maryland enacted a law that invested \$20 million per year for two years on subsidies to help lower-income young adults purchase health insurance. **The Maryland Center on Economic Policy supports House Bill 814 because it will extend the subsidy program, a critical asset in addressing health equity and accessibility for a vulnerable population.**

Gaining health coverage greatly improves access to health care and decreases the negative effects of being uninsured. The two-year State-Based Young Adult Health Insurance Subsidies Pilot Program has been very successful. Young adults (18-34) are the age group most likely to be uninsured making up 43% of the uninsured adult population,ⁱ and this program has made great strides in helping them gain coverage. According to Maryland Health Benefit Exchange (MHBE) in 2022 about 45,000 young Marylanders have used these subsidies to enroll in insurance coverage, including over 17,000 who were new to the marketplace. MHBE's new enrollees comprised of young adults increased from 4% to more than 24%. Young adults were more likely to pay their premiums and continue coverage.

It is critical that this program continue to help young adults, many of whom have been able to access health coverage through Maryland Health Connection for the first time, while others already had coverage and were better able to afford their plans or upgrade to higher metal-level plans with lower cost-sharing. The federal health emergency coming to an end this year makes this program even more important so that young adults unwinding from Medicaid can afford coverage in the individual market and not experience a gap in coverage.

Further, the subsidies program is a good use of state dollars, as plans for young adults compared with other groups tend to cost less, which means that the dollars for the state subsidy program stretch further in covering as many uninsured individuals as possible. Making coverage for young adults more affordable also helps to stabilize premiums within the market as a whole by bringing more healthy people into the market, the latter of which continues to be part of strategic plan.

HB 814 is a step toward improving health accessibility and affordability in Maryland. With the continuance of this program, the state would be better equipped to become a healthier place for all its residents. For these reasons, **the Maryland Center on Economic Policy respectfully requests the Health and Government Operations Committee to make a favorable report on House Bill 814.**

Equity Impact Analysis: House Bill 814

Bill Summary

HB 814 would repeal the expiration of the State-Based Young Adult Health Insurance Subsidies Pilot Program, and would rename the program to eliminate the use of “Pilot” for continuance purposes.

Background

In 2021, the Maryland General Assembly passed a law that required the Maryland Health Benefit Exchange (MHBE) to establish and implement a State-Based Young Adult Health Insurance Subsidies Pilot Program from fiscal years 2022 through 2024. The program was designed to reduce the amount that young adults pay for health benefit plans in the individual market and target young adults who were not directly impacted by the State Reinsurance Program. The two-year pilot offers assistance to adults ages 18-34 who either earned up to about \$50,000, or whose incomes fall between 138% and 400% of the federal poverty level.ⁱⁱ According to the MHBE, enrollments by young adults ages 18-34 surpassed 50,000 in 2022, a 7% increase from the previous year and mainly propelled by the subsidy program.ⁱ Monthly premiums dropped by \$40 on average for more than 33,000 young adults who qualified for the financial assistance.ⁱ

Equity Implications

A 2020 report by the MHBE showed that of non-Medicaid eligible and lawfully present young adults, Hispanic/Latinx and Black young adults were most likely to be uninsured: their uninsured rates, 16% and 9% respectively, were roughly two to three times greater than for white young adults (5%).ⁱⁱⁱ The young adult subsidies program has reduced racial and ethnic disparities within the 18-34 age group. In 2022 young adult subsidy recipients were more likely to be Latinx or Black than young adult enrollees ineligible for the subsidy. In 2023, Latinx young adult enrollment grew 13% more than any other population. This program is improving health equity in our state.

Not only does accessibility matter in sustaining health, so does affordability. Subsidies and other forms of financial assistance can reduce young adults’ need to rely on less affordable and comprehensive health coverage, and can encourage preventative rather than urgent care.

Impact

House Bill 814 will likely **improve racial, health and economic equity** in Maryland.

ⁱ “Annual Report 2022,” 2022, Maryland Health Benefit Exchange, <https://www.marylandhbe.com/wp-content/uploads/2022/12/MHBE-2022-Annual-Report.pdf>

ⁱⁱ “Open Enrollment on Maryland Health Exchange Readies to Launch with New Subsidies for Young Adults,” 2021, <https://www.baltimoresun.com/health/bs-hs-health-exchange-subsidies-for-young-adults-20211028-ez3zqm6bwbbpfl4cvlot37s4-story.html>

ⁱⁱⁱ “Report on Establishing State-Based Individual Market Health Insurance Subsidies,” 2020, Maryland Health Benefit Exchange, <https://www.marylandhbe.com/wp-content/uploads/2022/12/Report-on-Establishing-State-Based-Individual-Market-Health-Insurance-Subsidies-2020.pdf>