



February 23, 2023

The Honorable Joseline Pena-Melnyk
Chair
Health and Government Operations Committee
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

**Re: HB 588 – Health Insurance - Qualified Resident Enrollment Program (Access to Care Act)
- Letter of Support**

Dear Chair Pena-Melnyk and Committee Members,

The Maryland Health Care Commission (MHCC) is submitting this letter in support for *HB 588 - Health Insurance - Qualified Resident Enrollment Program (Access to Care Act)*. HB 588 alters the purpose of the Maryland Health Benefit Exchange (MHBE) Fund to include the provision of funding for the establishment and operation of the Qualified Resident Enrollment Program.

The bill requires the MHBE to make qualified plans available to qualified residents and to establish and implement the Qualified Resident Enrollment Program subject to approval of the federal 1332 State Innovation Waiver application amendment. Allowing qualified residents to obtain coverage, facilitate the enrollment of qualified residents in qualified health plans, and based on the availability of funds, provide premium assistance and cost-sharing reductions to qualified residents. Beginning January 1, 2025, funding for the program may be made using any federal pass-through funds received under an approved federal waiver and any funds designated by the federal or State government to provide health coverage for qualified residents. Much like other MHBE initiative, this legislation authorizes the MHBE to plan the program, gather input from stakeholders, and submit the application.

The 1332 State Innovation Waiver is a rigorous process. The MHBE will have to demonstrate that under its Innovation Waiver application state revenue estimates are credible and sustainable, broad public support exists, and the federal spending will be no greater than Federal spending without the program. MHCC expects that the MHBE will keep the Committees and other state partners informed as the application process moves ahead.

All Maryland residents should have access to health care. With the passage of the Affordable Healthcare Act and the expansion of Medicaid the number of uninsured individuals in the state has gone down, but over the last several years the percent of uninsured has been stagnant at about 6.1 percent and the uninsured rate for children has increased by about 1 percent in 2021-22. Approximately 370,000 people are uninsured and a significant share of these are non-citizens who are currently ineligible for coverage under ACA Qualified Health Plans (QHP) or Medicaid. Allowing all Maryland residents, regardless of residency status, the opportunity to purchase health coverage through the Maryland Health Benefit Exchange (MHBE) could significantly reduce the number of uninsured.

In their 2021 Joint Chairmen’s Report the MHBE noted several options that the State could pursue to expand health care coverage to this undocumented immigrant population. All the options noted have costs associated with them. Under HB 588 the MHBE is required to apply for in consultation with the Insurance Commissioner and as approved by the MHBE Board, to submit a federal State Innovation Waiver (1332 waiver) application by July 1, 2023. The waiver application must seek to establish a Qualified Resident State Subsidy Program and request federal pass-through funding to allow “qualified residents” to obtain coverage. It is likely that any advanced premium tax credits (APTC) and cost-sharing reductions (CSR) to qualified residents would require a commitment of state funds. State-sponsored advanced premium tax credits, cost-sharing reductions, and potentially a state-only Medicaid expansion are all key components of a broad-based coverage expansion attractive to qualified residents of Maryland. Funding commitments must be adequate and sustainable if qualified residents are to enroll. A source of funding must be sustainable and not impose excessive additional costs on those already insured in the individual or group insurance markets. If this program is to go forward the State will also need to carefully balance competing State health insurance coverage priorities including this expansion, the very successful reinsurance program, and the recently established subsidy program for young adults.

Maryland is a prosperous State and other similarly positioned states such as Washington and Oregon have or are in the process of identifying ways to establish similar programs while also protecting other priorities. Still, developing a credible plan for managing the cost of the state-sponsored advanced premium tax credits and cost sharing subsidies will be a formidable task. Over 80% of Maryland residents that purchase through the Maryland Health Benefit Exchange receive APTC and it is probable that even greater percentages of the qualified resident population would be eligible for these premium reductions.

Several Commissioners emphasized the importance of understanding the potential impact of the new program on the State budget because Federal law prohibits the direct use of federal funds for offering advanced premium tax credits or cost-sharing assistance to most non-citizens qualified residents. Maryland policymakers were able to balance multiple concerns in establishing the reinsurance program through a 1332 State Innovation in 2017 and 2018. Motivated State leadership can balance the competing priorities as they develop the 1332 State Innovation Waiver application, build public support, and obtain federal approval. MHCC assumes this 1332 State Innovation Waiver planning process will be similarly comprehensive and inclusive.

If you would like to discuss this legislation or our existing efforts, please contact Ben Steffen, Executive Director, Maryland Health Care Commission at ben.steffen@maryland.gov or Tracey DeShields, Director of Policy Development and External Affairs at tracey.deshields2@maryland.gov.

Sincerely,



Ben Steffen,
Executive Director

