

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



MARIE GRANT
Acting Commissioner

JOY Y. HATCHETTE
Deputy Commissioner

DAVID COONEY
Associate Commissioner
Life and Health Unit

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2471 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

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Bill # / Title: House Bill 1082 - Health Insurance - Individual Market Stabilization - Establishment of the State-Based Health Insurance Subsidies Program

Committee: House Health and Government Operations Committee

Position: Support with Amendments

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support with amendments for House Bill 1082.

This bill directs the Maryland Health Benefits Exchange (MHBE), in consultation with the Maryland Insurance Commissioner, to establish and implement the State-Based Health Insurance Subsidies Program (Program) to mitigate the impact of a reduction in the enhanced federal advance premium tax credits (APTCs) (scheduled to occur on 12/31/25, absent federal congressional action), and to maximize enrollment in the individual market. The subsidy is created for two years, fiscal years 2026 and 2027. Funding for the Program is from funds received from the distribution of the assessment under § 6–102.1 of the Insurance Article.

APTCs are advance payments of tax credits Maryland consumers can use to lower their monthly insurance premiums when they enroll in a plan through Maryland’s State-based health insurance marketplace (the Exchange). Consumers can use APTCs for a plan in any metal category, except for catastrophic. When comparing plans, consumers can select the amount of the APTC for which they are eligible that they want paid on their behalf to their chosen insurance company.

The American Rescue Plan Act of 2021 (ARPA) expanded eligibility for APTCs for the 2021 and 2022 plan years, and the Inflation Reduction Act (IRA) extended this provision through the 2025 plan year. Under the IRA, APTCs are now also available through 2025 to consumers who otherwise meet eligibility requirements and who have an expected household income above 400 percent of the federal poverty level. In addition to expanding eligibility, these acts also enhanced the level of subsidies for all consumers who were already eligible. However, these enhanced subsidies will expire at the end of this year unless a new law extending the subsidies is passed at the federal level.

In addition to leading to record levels of enrollment through the Exchange, the impact of enhanced tax credits has led to significant gains in health equity, with African-American and Latino enrollment increasing by 23% and 25% respectively year over year.

It is also important to note that Maryland's reinsurance program is a key market stabilizer in the state's individual market. The MIA requests the opportunity to work with the sponsor, the Committee, and stakeholders to determine whether any amendments are needed to ensure that the Program is sized to preserve Maryland's reinsurance program as well as mitigate adverse market impacts of the loss of enhanced subsidies.

For these reasons, the MIA urges a favorable committee report on Senate Bill 940 and thanks the committee for the opportunity to share its support.