



Unitarian Universalist Legislative Ministry of Maryland

Support for SB 987- Corporate Income Tax - Addition Modification Direct-to-Consumer Pharmaceutical Advertising

Chair Guzzone, Vice-Chair Rosapepe, and Members of the Budget and Taxation Committee;

Under your Committee's leadership we have made great gains in Maryland in expanding access to quality, affordable health care for all Marylanders. Since the passage of the Affordable Care Act (ACA) we have gone from 13% of Marylanders being uninsured to 6%. Keeping Marylanders insured ultimately helps all of us because when Marylanders lose their health coverage, they often have to get their care in the emergency room which is the most expensive place possible. The resulting uncompensated care drives up everyone's health insurance premiums. Expanding access to health coverage in Maryland has resulted in \$460 million in savings to the health care system which helped stabilize premiums for everybody.

However, in the coming years hundreds of thousands of Marylanders could lose their coverage due to new administrative burdens and budget cuts from HR 1 and Congress's termination of enhanced advance premium tax credits. The resulting uncompensated care will cause everyone's health insurance premiums to rise. None of us can afford for Marylanders to lose coverage. **SB 987** would combat federal attacks on Marylanders' access to health coverage, and help keep people covered. Under HR 1 there will be new work requirements and six-month redeterminations for adults who receive Medicaid through the ACA expansion. We know from examples in other states that work requirements don't increase employment. In Maryland the vast majority of Medicaid recipients are already working or have a reason not to be like going to school or serving as a caregiver or having a disability, but the added administrative burden could cause them to fall off their Medicaid coverage, ironically making it less likely that people will be able to stay healthy enough to work.

SB 987 would put \$5 million per year into funding Medicaid eligibility operations, which would help the State build and maintain the infrastructure to keep Marylanders from falling through the cracks and losing their Medicaid coverage. Investing in IT systems to use the data the state already has to verify eligibility can simplify the enrollment and re-enrollment process for Medicaid participants and state employees alike. Navigators, working in local communities across the state, were critical in helping Marylanders get enrolled in health coverage during the rollout of the ACA. Using this successful strategy again by investing in navigators in local health departments can help prevent Marylanders from losing coverage due to the new administrative requirements and provide individualized support. Investing in eligibility operations reduces the risk that people will lose coverage due to paperwork issues.

SB 987 would put funds above \$5 million into premium assistance programs that Maryland Health Benefit Exchange would use to protect Marylanders' access to coverage. Due to Congress's termination of enhanced premium tax credits, many Marylanders who purchase private health

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coverage from Maryland Health Benefit Exchange are experiencing spiking health insurance premium costs, or are at risk for higher costs in the future. In 2025, Maryland wisely created the State Based Individual Subsidy Program to mitigate enrollment losses and stabilize the marketplace. This builds on the Young Adult Subsidy Program which has been in place since 2022 and helps stabilize the marketplace by bringing younger and healthier Marylanders into the marketplace. These programs have been lifesavers for Marylanders to be able to continue to afford their coverage. However, these programs are at risk due to lack of future funding. If they shrink or are discontinued even more Marylanders will lose their ability to pay for health insurance.

As one of only two countries that allows direct-to-consumer pharmaceutical advertising, the United States is an outlier. These ads, which are largely viewed as a public annoyance to television audiences, can actually do harm by driving up health care costs and compromising provider-patient relationships. With over \$14 billion spent in a single year on these advertisements, tax-payers are footing the bill for patients to be flooded with unwanted, repeated exposure to marketing for prescription drugs they may not be able to afford.

SB 987 is an innovative way to address this issue, protecting consumers from the skyrocketing cost of prescription drugs while also generating revenue to help support the growing health care coverage demands of our state. This legislation mirrors federal efforts to eliminate tax deductions for direct-to-consumer advertisement by pharmaceutical manufacturers, which is expected to increase federal tax revenue by \$1.5-1.7 billion annually. If scaled down to represent similar metrics at a state level, Maryland could see tens of millions of dollars in increased revenue.

We thank Senator Karen Lewis Young and Delegate Natalie Ziegler for their leadership on this issue and wholeheartedly support the ongoing effort to put patients over Big Pharma profits. For too long, the pharmaceutical industry has claimed they need to keep their prices high for research and development while they have spent many times more on advertising and self-enriching activities. It is time that Maryland puts an end to taxpayer sponsorship of this practice and puts our patients first. Please protect the progress that we as a state have made expanding access to quality, affordable health care for all Marylanders.

We thank the Committee for your consideration of this legislation and urge a favorable report on **SB 987**.

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