

March 11, 2026

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen St.
Annapolis, MD 21401

**Re: Letter of Support – SB 987 – Corporate Income Tax - Addition Modification -
Direct-to-Consumer Pharmaceutical Advertising**

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee:

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support for Senate Bill (SB) 987 – Corporate Income Tax - Addition Modification - Direct-to-Consumer Pharmaceutical Advertising. The first \$5 million of income tax revenue attributable to the addition modification proposed under SB 987 would be distributed to the Maryland Department of Health (MDH) for Medicaid eligibility operations, with the remaining revenue distributed to MHBE to fund Marketplace health insurance subsidies, including the State-Based Individual Subsidy Program and Young Adult Subsidy Program.

MHBE is Maryland’s state-designated health insurance marketplace, responsible for the administration of the marketplace enrollment platform Maryland Health Connection (MHC) where residents can shop for and enroll in health plans, compare rates, and determine eligibility for public assistance all in one place.

MHBE currently operates three affordability programs:

1. **State Reinsurance Program (SRP)** - MHBE has operated the SRP since 2019, which has stabilized Maryland’s individual health insurance market, significantly reducing premiums and increasing enrollment since its establishment. The SRP continues to keep premiums well below the national average.
2. **Young Adult Subsidy (YAS) Program** - MHBE has operated the State-Based YAS Program since 2022 (pursuant to SB 729/HB 780 in 2021, and SB 5/ HB 297 in 2025).
3. **State-Based Individual Subsidy Program** - In 2025, Maryland passed HB 1082 which required MHBE to establish a temporary State-Based Individual Subsidy Program to mitigate enrollment losses and stabilize the market in plan years (PYs) 2026-2027, contingent on expiration of federal enhanced subsidies.

There are many changes coming to the Marketplace and Medicaid program under the federal reconciliation bill (H.R. 1, or the One Big Beautiful Bill Act (OBBBA)), that will impact eligibility and affordability for many Maryland Health Connection consumers over the next few years. These Marketplace challenges are exacerbated by the expiration of the enhanced premium tax credits (ePTC) in 2026, which were introduced in 2021 through the American Rescue Plan Act (ARPA) and made health insurance more affordable and accessible over the last few years. The ePTC

expired on Dec. 31, 2025 creating significant affordability challenges for Maryland consumers in 2026. Thanks to the responsiveness of the General Assembly in passing HB 1082 in 2025, MHBE is operating the **State-Based Individual Subsidy Program** to provide financial help to Marylanders and help stabilize the individual market by partially replacing the expired ePTC:

- Maryland residents of any age with incomes up to 400% federal poverty level (FPL) are eligible to receive state premium subsidies, which pair with the federal premium tax credits to further lower monthly health insurance costs. Young adults continue to receive additional savings under the 2026 State Subsidy design.
- As of the end of 2026 Open Enrollment (1/15/26), around 177,000 MHC Marketplace consumers were receiving an average of \$94 per month in additional state subsidy to help lower their premium costs in 2026. MHBE projected that **90,000 individuals would drop coverage in 2026** due to affordability challenges without state intervention to operate a state-based subsidy program this year, **compared to 30,000 dropping coverage with the state-subsidy** in place.
- More information on initial 2026 Individual Subsidy Program performance can be found at MHBE's January 22nd Senate Finance Briefing.¹

All three of the state's affordability programs use the same funding source - the State's 1% Provider Assessment Fee.² However, we note the importance of preserving SRP funds for the purpose of funding the SRP. Based on current financial projections, the SRP has funding sufficient to provide this one-year Individual Subsidy (HB 1082) market stabilization in 2026, and remain solvent through the current 1332 waiver period ending in 2028. MHBE carefully monitors the solvency of the SRP and updates fiscal projections at least annually.³ The expiration of enhanced ePTC is also anticipated to lead to lower federal SRP pass through, and the generosity of the 2026 **State-Based Individual Subsidy Program** cannot be sustained in the long-term. Reductions in the Individual Subsidy Program in plan years after 2026 will lead to future Marketplace enrollment losses.

While there are many affordability challenges ahead, MHBE will continue to work closely with the Maryland General Assembly and stakeholders to drive state-level innovation to improve affordability and ensure all Marylanders have access to quality and affordable healthcare. We appreciate and are supportive of any efforts to maintain funding for Marketplace subsidy programs that are dedicated to keeping Marylanders insured.

For further discussions or questions on SB 987, please contact Johanna Fabian-Marks, Deputy Executive Director at johanna.fabian-marks@maryland.gov.

Sincerely,

Michele Eberle
Executive Director

¹ MHBE January 22nd, 2026 briefing to Senate Finance Committee:
https://mgaleg.maryland.gov/meeting_material/2026/fin%20-%20134134940516410645%20-%20Briefing%20Materials%20-%20MHBE%20and%20MIA%2001-22-26%201PM.pdf

² Insurance Article, Section 6-102.1, Annotated Code of Maryland

³ Most recent SRP fund projections in MHBE's 2025 Joint Chairmen's Report:

https://www.marylandhbe.com/wp-content/uploads/2025/10/2025_pg58_MHBE_Reinsurance-Program-Costs-and-Forecast.pdf