



Maryland
Hospital Association

March 3, 2021

To: The Honorable Delores G. Kelley, Chair, Senate Finance Committee

Re: Letter of Support- Senate Bill 729 – Maryland Health Benefit Exchange – State-Based Young Adult Health Insurance Subsidies Pilot Program

Dear Chair Kelley:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment on Senate Bill 729. Broad-based, affordable and comprehensive health insurance is integral to hospitals' ability to provide high-quality care. It also is key to the state's success under the Total Cost of Care Model, which pushes accountability for whole-person care, including population health. Maryland hospitals have been strong proponents of the state's efforts to expand health care coverage, supporting Medicaid expansion, offering subsidized individual and small group health plans through the Maryland Health Benefit Exchange (MHBE), and most recently the creation of the individual market reinsurance program.

Yet we know that nearly 400,000 Marylanders are uninsured, and even more are underinsured—which often prevents access to care and results in worse health outcomes. The reinsurance program lowered premiums and contributed to individual insurance market stability. Similarly, a state subsidy program will increase access to more affordable coverage for consumers. MHA supported the creation of a state subsidy for young adults as a participant in the MHBE's Affordability Work Group in 2019.

Still, we urge the state and legislature to be thoughtful about using significant funding to subsidize the cost of insurance coverage for small subsets of Marylanders, most of whom already have insurance. The state should correspondingly analyze how available funding may be best used to maximize the number of insured individuals under the most robust health benefit plans available.

In addition, we caution against continuous reliance on the reinsurance program and additional coverage subsidies as the solution to address long-term market stability. Rather, to ensure sustained viability of these markets, we must address high service utilization and improve the overall health of individuals covered through better insurer care management of the enrollees they serve.

Finally, while a state subsidies program will lower premiums, we urge policymakers to address the increasing consumer out-of-pocket costs included in commercial health insurance plans and focusing on consumer health insurance literacy. High deductibles, increased cost-sharing requirements, and lack of transparency regarding coverage from health insurers has resulted in

unexpected financial obligations for patients who thought they were covered for much-needed services. From 2014 to 2018, the number of Marylanders in employer-sponsored plans who face high deductibles doubled, to 43%.¹ These high out-of-pocket costs create significant underinsurance for covered individuals, and most importantly, deter them from seeking appropriate health care. As Maryland legislators look at solutions to better the health of Marylanders in general, the importance of continued investment in consumer health insurance literacy and awareness cannot be understated.

Maryland hospitals support this bill's efforts to expand affordable coverage to more Marylanders. We look forward to our continued partnership with the state and the legislature to create sustainable solutions for access to affordable, comprehensive health insurance coverage.

For more information, please contact:
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¹ State Health Access Assistance Center (SHADAC) analysis of the Medical Expenditure Panel Survey - Insurance Component. State-Level trends in employer-sponsored health insurance (ESI), 2014-2018.