

HB 0953 Maryland Health Benefit Exchange – State-Based Young Adult Health Insurance Subsidies Pilot Program – Amount of Annual Subsidies

Testimony of Delegate Joseline A. Peña-Melnyk (Favorable)

February 22, 2024

Madam Vice Chair and members of the Health & Government Operations Committee, my name is Delegate Joseline Peña-Melnyk, and I am pleased to present House Bill 953. This bill addresses the Maryland Health Benefit Exchange's Young Adult Subsidies Pilot Program by advocating for the extension of the annual subsidies granted to program participants.

Over 90,000 Maryland adults, ages 18 to 34, were uninsured in 2020. They are the largest uninsured group of adults among any age group. Uninsured people face significantly less financial security compared to insured individuals. State-based subsidies provide ideal financial benefits for these groups, resulting in lower premiums to help with deductibles, copays, and additional out-of-pocket expenses.

In 2021, our committee passed a bill that required the Maryland Health Benefit Exchange to establish a State-Based Young Adult Health Insurance Subsidies Pilot Program. This Pilot Program reduces what young adults pay for health benefit plans in the individual health insurance market. While residents who meet age and income requirements are eligible to enroll in the program, additional payment parameters for the program were implemented. As a result, the Exchange limits \$20,000,000 in annual subsidies to be dispersed among eligible residents for each fiscal year beginning in 2022 and lasting through 2026.

Since its enactment in 2021, the pilot program has served more than 50,000 qualifying residents, and that number is only increasing. Income groups between 133% and 400% below the federal poverty level receive invaluable financial aid support in healthcare, dental, and vision coverage. However, the amount of financial aid enrollees receive varies greatly on their income, family size, and zip code. I believe we can do better for our residents. To keep up with an increase in participant enrollment and ensure that adequate funding is readily available for participants to utilize, this bill authorizes the inclusion of unspent funds designated for subsidies in a previous calendar year to benefit program participants in future fiscal years.

Reallocating these unspent funds extends the benefits of the Young Adult Subsidies program, making healthcare more accessible, without placing additional financial burdens on the Maryland Health Benefit Exchange. These funds are surplus resources already designated to the program. With the unwinding of Medicaid coverage post-COVID, we expect to continue to see an increase in enrollment and program costs in the following years.¹ By optimizing these available resources, we can accommodate more program participants and meet the growing need for healthcare services without imposing caps or limits.

We have the chance to accommodate more Marylanders in need of affordable healthcare without overwhelming the program budget. By approving the extension of annual subsidies, we can ensure that healthcare in Maryland remains accessible and responsive to the growing needs of our communities. Thank you for your time. I respectfully request a favorable report on HB0953.

¹ Fabian-Marks, J. (2022, June 21). Young Adult Subsidy Update. <https://www.marylandhbe.com/wp-content/uploads/2022/06/6.-Young-Adult-Subsidy-Update-Cynthia-Wilson-MHBE-.pdf>