

2024 Young Adult Subsidy Proposed Parameters

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HB 814: Young Adult Subsidy Extension

- Extends Young Adult Subsidy Pilot Program for an additional two years, through 2025
- No other changes from original bill
 - Eligibility parameters established by the Board, within these ranges:
 - 18-40
 - Under 400% FPL and not Medicaid-eligible
 - Funding: Up to \$20M in subsidies may be provided each year
- Requires MHBE, in consultation with MIA, to submit a study by December 1, 2024 of:
 - available federal and State subsidies
 - whether the program should be incorporated into the State's 1332 waiver
 - the number of young adults who signed up for coverage because of the subsidy

Current Program Status - Plan Year 2023

| Total Auto Renewed Enrollees | Total New Enrollment | Average Subsidy PMPM | Estimated Subsidy Cost |
|------------------------------|----------------------|----------------------|------------------------|
| 25,092 | 16,997 | \$39.59 | \$13,161,079 |

Data as of May 8, 2023

2022 Impact - Preliminary Analysis

- Growth in young adult enrollment **increased about 11% year-over-year.**¹
- Households receiving the subsidy were **more likely to effectuate coverage** (87% vs. 83%).
- Young adults were **less likely to drop coverage.**
- The state subsidy **reduced average household premiums by 34%** (from \$106 to \$70 per month).
- Young Adult Subsidy recipients were **more likely to be Hispanic** (14% vs. 9%), **Black/African American** (22% vs. 16%), and **female** (57% vs. 54%).

¹ MHBE analysis of change in effectuated young adult enrollment comparing January 31, 2022; January 31, 2021, and January 31, 2020. Year-over-year increase in young adult enrollment in 2021 was 0.6%.

² MHBE analysis of change in lapsed enrollment as of December 31, 2022; December 31, 2021; and December 31, 2020.

³ MHBE analysis of average premiums net of federal Advance Premium Tax Credits.

2023 Young Adult Subsidy Program Parameters

Eligibility

- Age: 18-34 (18 or older; younger than 35)
- Income: ≤400% FPL, ineligible for Medicaid
- Enrolled through MHC
- Enrollment cap if projections indicate that budget may be exceeded

Subsidy Design

- Reduce the maximum expected contribution by 2.5% between ages 18 and 30
- For ages 31 to 35, reduce the 2.5% reduction by 0.5% each year
- Subsidy covers the non-EHB portion of premium for recipients with a 0% expected contribution

Expected Contribution (EC) for Benchmark Plan

| % FPL | Federal EC | MD Young Adult EC | | | | | |
|-------|------------|-------------------|-------|-------|-------|-------|-------|
| | | 18-30 | 31 | 32 | 33 | 34 | 35 |
| | | -2.5% | -2.0% | -1.5% | -1.0% | -0.5% | -0.0% |
| ≤150 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 200 | 2.00% | 0.00% | 0.00% | 0.50% | 1.00% | 1.50% | 2.00% |
| 250 | 4.00% | 1.50% | 2.00% | 2.50% | 3.00% | 3.50% | 4.00% |
| 300 | 6.00% | 3.50% | 4.00% | 4.50% | 5.00% | 5.50% | 6.00% |
| 400 | 8.50% | 6.00% | 6.50% | 7.00% | 7.50% | 8.00% | 8.50% |

2024 Young Adult Subsidy Parameter Options

- Option 1: Continue 2023 Parameters for 2024 (maximum subsidy up to age 30; phase out through age 34)
- Option 2: Extend the maximum subsidy for 2 years, to age 32; phase out through age 36
- Option 3: Extend the maximum subsidy for 3 years, to age 33; phase out through age 37 - **Staff recommendation**

| | 18-30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| 2023 Parameters | -2.5% | -2.0% | -1.5% | -1.0% | -0.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2-Year Expansion | -2.5% | -2.5% | -2.5% | -2.0% | -1.5% | -1.0% | -0.5% | 0.0% | 0.0% |
| 3-Year Expansion | -2.5% | -2.5% | -2.5% | -2.5% | -2.0% | -1.5% | -1.0% | -0.5% | 0.0% |

2024 Young Adult Subsidy Parameter Options - Projected Cost and Enrollment Impact

| Scenario | Total Expected Program Cost | Baseline 2024 Enrollment 18-34* | Existing Enrollees Newly Eligible for Subsidy | New Enrollment Due to Subsidy Expansion | Total Subsidy Eligible Enrollment |
|------------------|-----------------------------|---------------------------------|---|---|-----------------------------------|
| No Expansion | \$ 13,338,793 | 43,186 | - | - | 43,186 |
| 2-year Expansion | \$ 16,475,792 | 43,186 | 5,090 | 1,478 | 49,754 |
| 3-year Expansion | \$ 17,924,420 | 43,186 | 7,336 | 2,102 | 52,624 |

*Projected 2024 enrollment eligible for the Young Adult Subsidy, assuming no changes to the 2023 eligibility parameters.

| Scenario | Baseline 2024 Subsidy PMPM | Additional Subsidy PMPM for Impacted Enrollees |
|------------------|----------------------------|--|
| No Expansion | \$ 39.73 | \$ - |
| 2-year Expansion | \$ 39.73 | \$ 16.29 |
| 3-year Expansion | \$ 39.73 | \$ 20.72 |

Considerations

- Retaining the 2023 parameters is the most conservative approach, minimizing expenditures and the possibility of exceeding the \$20M annual spending cap.
- Expanding the subsidy:
 - increases affordability for individuals losing Medicaid eligibility
 - allows the exchange to study the impact of state subsidy on enrollment in a steady state environment
 - maximizes the potential impact in the remaining years of the pilot program, providing the legislature with additional information on the impact of the subsidy
- HB413 report to the legislature, due in December, will discuss future reinsurance parameters, funding, and how to increase affordability in the individual market

Next Steps

- May 15: Board votes on proposed 2024 parameters
- May 15-June 9: Public comment period
- June 20: Board votes on final 2024 parameters

Request to Approve Proposed 2023 Young Adult Subsidy Program Parameters

MOTION: I move to approve option [1, 2, or 3] as the proposed 2024 young adult premium subsidy parameters [as presented] *or* [as amended].

Appendix

The background features a teal color with four overlapping, light blue circular shapes arranged in a cross pattern, centered around the text.

Reinsurance Updates

- Preliminary 2022 cost is 2.4% (\$13M) **lower** than projected (\$507M instead of \$520M).
- Final 2023 federal funding is 7.7% (\$34M) **higher** than projected (\$473M instead of \$439M)
- MHBE will present updated reinsurance projections to the Board in July

Sample Premiums for a 33-year-old in Each Scenario

Example Premiums: 33-year-old in Baltimore City, 2023 Benchmark Silver Plan

| % FPL | Annual Pre-Tax Income | No YA Subsidy | 2023 Parameters | 2-year Expansion | 3-Year Expansion |
|--------------|------------------------------|----------------------|------------------------|-------------------------|-------------------------|
| 150 | \$ 20,385 | \$3 | \$0 | \$0 | \$0 |
| 200 | \$ 27,180 | \$45 | \$23 | \$0 | \$0 |
| 250 | \$ 33,975 | \$113 | \$85 | \$57 | \$42 |
| 300 | \$ 40,770 | \$204 | \$170 | \$136 | \$119 |
| 400 | \$ 54,360 | \$312 | \$312 | \$294 | \$272 |