

# 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.**<sup>1</sup>
- 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%).

<sup>1</sup> 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%.

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

<sup>3</sup> 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



# 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

<b>Example Premiums: 33-year-old in Baltimore City, 2023 Benchmark Silver Plan</b>					
<b>% FPL</b>	<b>Annual Pre-Tax Income</b>	<b>No YA Subsidy</b>	<b>2023 Parameters</b>	<b>2-year Expansion</b>	<b>3-Year Expansion</b>
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