



MHBE

Standing Advisory Committee

May 15, 2025

2:00PM – 4:00PM

Via Google Meets

Members:

Mark Meiselbach, Co-Chair
Nate Apathy
Elizabeth Arend Dutta
Leidi Garcia
Maya Greifer
Brandy Guy
Stephanie Klapper
Kiya Lofland
Kathleen Loughran
Allison Mangiaracino
Yvette Oquendo-Berruz
Mark Romaninsky
Douglas Spotts
Toni Thompson-Chittams
Rick Weldon
Jake Whitaker

MHBE Staff

Jose Cabrera
Michele Eberle
Alex Edwards
Kimberly Edwards
Johanna Fabian-Marks
Makeda Hailegeberel
Becca Lane
Amelia Marcus
Pooja Singh

Members of the Public

Vinny DeMarco
Laura Goodman
Meredith Lawler
Suzanne Schlattman
Allison Taylor

Welcome, Agenda, and Minutes

Co-Chair Mark Meiselbach welcomed everyone to the meeting and briefed the Standing Advisory Committee (SAC) on the agenda. There are also several new SAC members whose terms are beginning in 2025: Nate Apathy, Elizabeth Arend Dutta, Leidi Garcia, Maya Greifer, Brandy Guy, Kiya Lofland, Kathleen Loughran, Toni Thompson-Chittams, and Jake Whitaker. Each present SAC member then took a minute to introduce themselves to the group. Mr. Meiselbach moved to approve the November 14, 2024, meeting minutes. Yvette Oquendo-Berruz seconded, and the November 2024 meeting minutes were approved.

Small Business Updates

Mimi Hailegeberel, MHBE Small Business Programs Manager, provided an update on small business programs activities. Maryland Health Connection for Small Business (MHC-SB), originally called SHOP, began in 2014 to provide health insurance options to small employers. In 2015, the employee choice model was introduced, allowing employees to choose from multiple plans. By 2018, MHBE moved to a direct-to-carrier

model due to administrative complexities for employers. After rebranding to MHC-SB in 2019, initial plans for a new portal began in 2020.

Development is nearly complete with internal and external testing is underway, and the new portal is set to launch in September 2025. MHBE has partnered with NFP for backend billing, aggregation, and call center services support. The new portal aims to simplify and streamline enrollment and billing for example by consolidating a single invoice across multiple carriers, and offering a self-service portal for employers, employees, and brokers. Users will be able to upload information, obtain quotes, and enroll online through one platform and the portal will also include features like payment reminders, automated alerts, and consolidated billing. Three benefit models will be available through the new portal: Single Plan, Choice, and Employee Choice. Currently 127 employer groups and 714 members are enrolled through MHC-SB. MHBE has a target goal of enroll 10,000–15,000 individuals within the first five years of launching the new portal.

Ms. Hailegeberel also provided an update on MHBE's small business robust outreach and education program and marketing strategy, including new employer and broker guides that have been developed alongside the portal, to support the new portal launch.

Ms. Hailegeberel then discussed Individual Coverage Health Reimbursement Arrangements (ICHRA), which are gaining popularity as alternatives to group health plans. ICHRAs allow employers to offer pre-tax allowances to employees that can be used to purchase coverage in the individual market. Section 125 "Cafeteria Plans" can also be offered alongside an ICHRA, which allow employees to set aside income on pre-tax basis to cover additional health coverage expenses. This benefits both employers and employees because employers reduce their payroll taxes and employees reduce their gross taxable income. However, there are currently challenges with these options and Marketplace coverage: employees lose eligibility for federal APTC if offered an affordable ICHRA plan, and an IRS rule prohibits the use of pre-tax dollars to purchase coverage through the individual Marketplace. Ms. Hailegeberel explained that MHBE is exploring regulatory adjustments and federal engagement to improve ICHRA implementation. Mark Meiselbach, SAC Co-Chair, inquired about educating employers on trade-offs between ICHRA offerings and premium tax credits. Ms. Hailegeberel clarified education efforts will ensure employers understand when not to offer traditional plans if employees are subsidy-eligible. Johanna Fabian-Marks, MHBE Director of Policy and Plan Management, reinforced this point and Michele Eberle, MHBE Executive Director, also mentioned that Peter Nelson who is now the Deputy Administrator and Director of the Center for Consumer Information and Insurance Oversight (CCIIO) under the Centers for Medicare & Medicaid Services (CMS) is very much in favor of making ICHRAs more accessible.

Executive Update

Ms. Eberle started by welcoming and congratulating new members of the Standing Advisory Committee, and emphasized the importance of committee members' roles as a sounding board for the MHBE Board, and staff. She encouraged members to be vocal

in sharing ideas and feedback, especially regarding access, affordability, and customer service improvements.

Ms. Eberle then provided federal updates, starting with an overview of current federal budget discussions and significant policy implications, particularly related to Medicaid and the Affordable Care Act (ACA). She also noted impacts on Maryland's economy and partners due to federal job losses. Some proposals include introducing Medicaid work requirements, increasing annual Medicaid recertification to twice a year, and discussions about rolling back federal funding for Medicaid expansion, all of which will result in significant coverage losses and increased administrative costs to the state. Ms. Eberle also briefly discussed the impacts of CMS's recently released proposed Marketplace Integrity and Affordability Rule, as well as the impending expiration of the enhanced federal applied premium tax credits (APTC) made available under the 2021 American Rescue Plan (ARPA) and extended under the 2022 Inflation Reduction Act (IRA), which are set to expire at the end of this year. If not renewed, Maryland Marketplace consumers could see an estimated average 68% increase in premiums, and a return to pre-pandemic enrollment levels. Ms. Fabian-Marks will provide further details later in the meeting, and various state agencies continue to meet regularly to coordinate responses to potential federal Medicaid and Marketplace cuts.

For state updates, Ms. Eberle mentioned Governor Moore's Modernization Initiative which aims to reduce state agency costs (e.g., fleet vehicles, mobile phone use). The upcoming MHBE Board meeting on Monday May 19th will include discussions of a 2026 state subsidy program, and services contracts and software procurements. Ms. Eberle acknowledged outgoing Board members Dana Weckesser and Singh Taneja and thanked them for their many years of service. Laura Crandon also stepped down from her service as the Board Chair and member. New Board appointees include Meena Seshamani, newly appointed Secretary of the Maryland Department of Health, David Sharpe, Acting Executive Director of the Maryland Health Care Commission, and JoAnn Volk and Kenneth Brannan (effective June 1), both former members of MHBE's Standing Advisory Committee. MHBE also participated in National Public Service Recognition Week (May 4–10), with videos featuring team members that were shared on social media to honor public servants' contributions,

Ms. Eberle expressed continued gratitude for the committee's support and emphasized MHBE's dedication to its mission despite ongoing challenges.

Federal and Legislative Updates

Ms. Fabian-Marks began with an overview of key federal proposals, noting that the federal landscape has been rapidly evolving. CMS released back in March a proposed Marketplace Integrity and Affordability Rule, and as of last week many of the proposals under this rule have been incorporated into the House budget reconciliation bill. The implications of this are these regulatory changes would now potential be statutory changes at the federal level, which will make them much more difficult for any future administration to change if they are adopted as law by this Congress. MHBE submitted

public comment on the regulations, and the majority of what was proposed and what is in the reconciliation bill have effective dates of January 1, 2026. Please see the presentation slides for more detail. A few of the proposals include shortening the Open Enrollment (OE) Period to end December 15th instead of January 15th, stricter verification for special enrollment periods (SEPs), elimination of year-round enrollment for low-income individuals (<150% of the federal poverty level (FPL), rescission of eligibility for Marketplace enrollment by DACA recipients as well as a loss of tax credit eligibility for other lawfully present residents. Ms. Fabian-Marks noted that around 40% of MHBE OE enrollments occur after Dec 15th and trend a little bit younger, which is good for the risk pool. Additionally, the rationale for many of the proposals is to limit adverse selection, where individuals wait to enroll until they're sick, which is not good for premiums. However for example individuals below 150% FPL are eligible for free plans and therefore do not have an incentive to wait, and simply may not have enrolled during OE to due lack of awareness or other reasons. Around 1000 individuals per month enroll under the low-income SEP who would no longer be able to use that if it were eliminated. MBHE expressed these and other concerns in their public comment.

Next Ms. Fabian-Marks discussed the impact of enhanced federal premium tax credits (APTC) introduced in 2021, which increased both generosity and eligibility for financial help through the Marketplace. Maryland Marketplace enrollment increased over 50% since these enhanced APTC were introduced, took effect, with strong growth among Black and Hispanic residents, contributing to improved equity. The enhanced APTC have also supported individuals rolling off Medicaid transition into affordable Marketplace coverage during the post-COVID redetermination process. If Congress does not act to extend the enhanced APTC beyond 2025, MHBE estimates around 190,000 Marylanders will face reduced or eliminated financial assistance, a roughly 68% percent increase in average premium costs, and an estimated 80,000 people may drop coverage due to higher costs.

The Maryland General Assembly took action this year to pass legislation to address impending affordability challenges, as well as a few other bills aimed at improving health coverage access in the state. MHBE supported legislation to make the young adult subsidy program permanent, contingent on available funding. This program was previously set to expire at the end of the year. Another bill to be discussed more in the next slides provides MHBE temporary authority in 2026-27 to create a broader state subsidy program, in response to the expiration of enhanced APTC to offset losses. Another bill is providing one-year funding for MHBE to conduct a statewide outreach and health coverage enrollment campaign to childcare professionals, along with requiring MHBE to conduct a survey to better understand their insurance needs and barriers to coverage. A few other ACA-related bills passed: one strengthens Maryland's enforcement of the ACA preventive services mandate (requiring no-cost coverage of preventive services), and another establishes the Maryland Health Insurance Coverage Protection Commission which MHBE will participate in and will monitor federal health policy changes and advise on state responses.

State-Based Subsidy: Program Parameters Discussion

Ms. Fabian-Marks then provided a detailed overview of the broader state-funded subsidy program including preliminary modeling for potential subsidy parameters, which will be presented to the MHBE Board at the upcoming May 19th meeting. MHBE is interested in the SAC's feedback. As mentioned earlier MHBE has been given legislative authority to temporarily establish and operate a broader state subsidy program in calendar year (CY) 2026 and 2027, to mitigate the impact of enhanced federal APTC expiring at the end of this year. Funding for the program comes from the state provider assessment which is the 1% tax on health insurance premiums in the state. This revenue is generally used to support the state's reinsurance program, and a portion of it has also been used to fund MHBE's Young Adult Subsidy (YAS) program for the last few years as well. MHBE will likely not operate both the YAS and the broader state subsidy simultaneously due to operational challenges, and that MHBE plans to pause the YAS and allocate resources to the broader state subsidy. Ms. Fabian-Marks also provided a brief overview of the reinsurance program for new members, which ultimately reduces Maryland's premium average premium rates by about a third in the individual market, relative to what they would be without reinsurance.

Ms. Fabian-Marks reviewed the federal poverty level (FPL) income thresholds for APTC eligibility as well as the breakdown of Maryland Health Connection (MHC) enrollment by age and FPL. She pointed out that individuals over 400% FPL will no longer be eligible for any financial assistance if enhanced APTC goes away, and that there currently around 22,000 MHC enrollees above 400% FPL receiving tax credits. She then reviewed a "heat map" which shows the annual premium increase for individuals by age and income bracket, displayed both as a per year dollar increase, and a percent increase relative to income. Individuals will see as much as an almost \$6,000 a year increase in premiums. Lower-income individuals will see increases ranging from 2% all the way up to 7% relative to income.

Fully replacing the lost enhanced APTC in Maryland would cost close to \$200 million in 2026. This does not however reflect net costs, which would be offset by the increased federal pass-through funds through the reinsurance program that is generated by increased enrollment due to the subsidy. In either case revenue generated from the 1% provider assessment will not be sufficient to fully replace the enhanced tax credits. MHBE has modeled multiple subsidy design scenarios to recommend for partial replacement, which are being presented to the SAC today. The scenarios prioritize ensuring coverage remains affordable for lower income individuals. Other major considerations include the legislative mandates to mitigate the reduction in federal APTC and maximize individual market enrollment, as well as balance the funding level for the subsidy program with the funding necessary to ensure the continued solvency of the reinsurance program. MHBE analyzed **four main scenarios** to explore how to design the subsidy:

1. **Baseline Scenario (No Action):** Models the impact if the federal enhanced tax credits expire and Maryland does not introduce any state subsidy.

2. **Full Replacement of Federal Subsidies:** Assumes Maryland fully replaces the enhanced APTC - recognized as likely unaffordable but used as a theoretical upper bound.
3. **Targeted Replacement for Low-Income Individuals (<250% FPL):** Fully replaces the enhanced APTC for those under 200% FPL, gradually phases out the subsidy from 200% to 250% FPL, with no subsidy provided above 250% FPL.
4. **Targeted replacement for low-income individuals (<250% FPL) and partial replacement for middle income individuals (>250% FPL):** Fully replaces the enhanced tax credits for those under 200% FPL, phases out the subsidy between 200% and 250% FPL, and a 50% replacement for people above 250% FPL, with a few variations.
 - o Some versions extend this 50% subsidy above 400% FPL, others introduce a subsidy "cliff" where those above 400% FPL are not eligible.

Scenarios 2 and 4 include sub-scenarios that raise the reinsurance program's attachment point, which is the annual claim level above which the reinsurance program reimbursements start. Raising the attaching essentially reduces the program size and cost, which would both increase premiums market-wide for higher income individuals and also free up more funding for the subsidy program targeted towards lower income individuals.

Allison Mangiaracino, Exchange Policy and Operations Manager at Kaiser Permanente, asked regarding the scenarios that phase out the subsidy from 200 to 250% FPL, whether that means phase out until 50%. Ms. Fabian-Marks confirmed that's correct, phase out means phase subsidies from full to 50% replacement for these scenarios.

Mr. Meiselbach asked about the underlying assumptions for the increased reinsurance attachment points, and whether the modeling factored in the increased premiums (and premium contributions) to the formula, along with enrollment losses or gains associated with these changes. MS. Fabian-Marks confirmed that MHBE works with contracted actuaries in consultation with the Maryland Insurance Administration (MIA), and that this is all built into the modeling.

Ms. Fabian-Marks then reviewed a chart with a breakdown of all the subsidy modeling scenarios and sub-scenarios. Please see slide 41 of the presentation. The chart shows both the gross cost, as well as the net cost which factors in additional federal funding MHBE anticipates receiving for the reinsurance program due to retaining more enrollment than if no state replacement subsidy was implemented. This additional federal funding is estimated to be substantial in reducing gross cost for most scenarios modeled. The chart also shows total estimated 2026 individual market enrollment (on and off-exchange combined), as well as the percent enrollment decline compared to if we fully replaced the enhanced APTC. The baseline estimate (scenario 1) is 70,000 will drop coverage if we do nothing to replace the lost subsidies, a roughly 23% decrease from where we are today (scenario 2a – fully replacing enhanced APTC). The last two columns in the chart show the net funding that would be available in the state fund for each scenario at the end of calendar year 2027 and 2028. As a reminder MHBE is

authorized to operate the program for two years in 2026 through 2027, and then the reinsurance program operates under a federal waiver that is authorized in 5-year increments. Maryland's current waiver period ends at the end of 2028, which is why the modeling provided net funding left at the end of 2028 in order to consider reinsurance program solvency by the end of the current waiver period. Ms. Fabian-Marks recommended focusing on the end of 2027 net funding, because if the state were able to maintain at least some state subsidy into 2028 then we would have better projections for those end of year 2028 funding estimates.

SAC Discussion

The meeting continued with a discussion of the preliminary modeling for the state-based subsidy program parameters.

Vinny DeMarco, President of Maryland Health Care For All, asked how much young adults would lose out on in each of these scenarios, given that they currently receive the state young adult subsidy in addition to enhanced APTC. Ms. Fabian-Marks responded that young adults would be losing premium support relative to where they are now under these scenarios. MHBE is taking this modeling to the MHBE Board next week for their feedback and will also open a public comment period, so there will be time for additional modeling and refining between now and September/October.

Ms. Mangiaracino asked if there was still an option to allocate more funding to young adults within this all-age state subsidy model in order to continue to provide enhanced financial assistance to this age cohort. Ms. Fabian-Marks confirmed that this is something MHBE would like to layer into updated modeling in order to provide some additional scenarios that include a variation of the YAS within this broader state subsidy.

Ms. Mangiaracino also asked if MHBE had ballpark estimates for what the rate impact would be overall in the market for raising the reinsurance attachment point to \$30K and \$40K in some of the scenarios. Ms. Fabian-Marks noted that the Maryland Insurance Administration (MIA) estimated a few years ago that each increase of \$1K in the attachment yields a little less than a 1% increase for rates. So going from a \$22K to \$30K attachment point would be a roughly five or six percent rate impact, with increasing to \$40K leading to double digit impacts. She also noted there is a level of uncertainty in the cost estimates due to the many assumptions around who will drop coverage, who will maintain coverage in all these scenarios. However Maryland is fortunate to have state funding available to significantly mitigate the loss of enhanced tax credits regardless of which of the modelled scenarios are decided on.

Mr. Meiselbach asked if there were any considerations around changes in our economic environment, like employment losses and changes to Medicaid that were factored into the assumptions for this modeling. Ms. Fabian-Marks agreed this was a great question but is not something that was factored into the assumptions. The currently proposed federal changes to Medicaid would not take place till after 2026 or even 2027, so hopefully will not be a consideration for this subsidy modeling.

Stephanie Klapper with Maryland Health Care For All Coalition asked how the changes in the Marketplace state subsidy structure would impact the broader market if we lose young adults in the individual market, as well as the impact on health equity. Ms. Fabian-Marks responded that MHBE has not gotten into that second layer of young adult analysis but would like to incorporate that in this second round of analysis. MHBE has been focusing on scenarios where subsidies are weighted towards lower income individuals, with the goal of inherently supporting equity in enrollment and support.

Ms. Fabian-Marks concluded by thanking everyone for this very helpful feedback on initial subsidy modeling and discussion. MHBE will be sharing out with the SAC when we open a formal public comment period for the subsidy scenarios, and will plan to bring this back for discussion at the next SAC meeting.

Public Comment

No comments offered.

Adjournment

The meeting adjourned at 3:51 PM.