



Maryland Health Benefit Exchange Board of Trustees

March 25, 2026

3:00 p.m. – 4:00 p.m.

Meeting Held via Video Conference

Members Present:

Meena Seshamani, M.D., Ph.D., Chair

Aika Aluc, Vice Chair

Ken Brannan

Marie Grant

Yvette Oquendo-Berruz, M.D.

Katherine Rodgers, Ed.D, MPH

JoAnn Volk, M.A.

Douglas Jacobs, M.D.

Also in Attendance:

Michele Eberle, Executive Director, MHBE

Johanna Fabian-Marks, Deputy Executive Director, MHBE

Ken Buerger, Director of Policy and Plan Management, MHBE

Amelia Marcus, Policy Analyst, MHBE

Christopher Randolph, Principal Counsel, MHBE

Mimi Hailegeberel, Manager, Small Business Program, MHBE

Scott Brennan, Director of Compliance & Privacy, MHBE

Tisha Payne, Director of Human Resources & Organizational Effectiveness, MHBE

Tony Armiger, Chief Financial Officer, MHBE

[Meeting Call to Order](#)

Meena Seshamani, Chair

Sec. Seshamani called the meeting to order.

[Executive Director Update](#)

Michele Eberle, Executive Director

Ms. Eberle opened the meeting by thanking the Board for their time and noted that this special session was created because the Maryland Health Benefit Exchange (MHBE) has a matter that cannot wait until the next Board meeting in April. Ms. Eberle then gave her executive updates, starting with the appointment of Ken Buerger, MHBE's new Director of Policy and Plan Management. Secondly, Ms. Eberle shared that Tamara Cannida-Gunter, MHBE's Director of Consumer Assistance & Eligibility, announced her retirement, effective April 1, and that the MHBE is working on recruitment to fill her role. Finally, she shared that the April Board meeting will be switched from in-person to virtual, as the reserved room will be unavailable.

Proposed Closure of State Subsidy to New Enrollment

Johanna Fabian-Marks, Deputy Executive Director

Ms. Fabian-Marks introduced the proposal to close the state premium subsidy program to new enrollees via special enrollment period (SEP). She shared that the MHBE has been in close consultation with the Maryland Insurance Administration (MIA) to draft the recommendations. Ms. Fabian-Marks reported that 2026 enrollment in qualified health plans (QHPs) has been higher than initially projected in August of 2025, and therefore state subsidy costs are higher than expected. She shared that the MHBE's formal recommendation is to pause the state subsidy for new SEP enrollments, to maintain the solvency of state subsidies and the State Reinsurance Program (SRP).

Ms. Fabian-Marks then supplied background information on the issue. She shared that enhanced premium tax credits (eAPTCs), which were in place during the pandemic, expired at the end of calendar year (CY) 2025. She shared that the MHBE estimated premiums would increase by 95% for plan enrollees previously receiving tax credits if the state took no action. This would impact approximately 190,000 Marylanders. Ms. Fabian-Marks also noted that the MIA finalized a 13.4% rate increase for unsubsidized enrollees, which would impact an additional 105,000 Marylanders. However, she also shared that Maryland's House Bill 1082 required the MHBE to establish a State-Based Individual Subsidy Program in CYs 2026 and 2027 to mitigate enrollment losses and stabilize the insurance market following the loss of eAPTCs.

Ms. Fabian-Marks then shared that both the subsidy program and the SRP are funded through a 1% assessment on health premiums in Maryland. She shared that the MHBE has been spending down its reserve to support the state subsidy program. She clarified that the SRP is funded through a combination of federal and state funds, but the subsidy program is funded solely through state dollars.

Next, Ms. Fabian-Marks explained the parameters of the subsidy program, which provides levels of support to participants based on household income. The program fully replaces the value of eAPTCs for individuals below 200% of the federal poverty level (FPL). Between 200-250% FPL, replacement is phased down, so that at 250% FPL, replacement is at 50% of the value of former eAPTCs, which continues up to 400%

FPL. Individuals above 400% FPL are ineligible for the subsidy. She shared that the state also chose to continue the 2025 Young Adult Subsidy parameters, which provides additional subsidies to young adults aged 18-37 who are below 400% FPL.

Ms. Fabian-Marks shared that the program's cost projection has risen to \$188 million, as opposed to the initial projection of \$131 million in 2025. She attributed this increase to higher-than-expected enrollment and per capita subsidy costs. She shared that \$18 million of this projection is attributed to individuals who have yet to enroll, but will be enrolled by the end of the year, via SEP.

Enrollment projections were then shared by income and age bracket, based on both initial and current assessments. Ms. Fabian-Marks shared that enrollment was above initial projections in every income bracket, especially for those below 200% FPL. She shared that the MHBE had anticipated losses in coverage for enrollees with incomes above 250% FPL, but those losses have yet to materialize. Similarly, young adults (aged 18-44) have the highest increase in enrollment above projections. Ms. Fabian-Marks shared that the MHBE expected enrollment losses for young adults above 200% FPL, but these losses have also not materialized. Ms. Fabian-Marks emphasized that these increases are a testament to the success of the program but also create a predicament for program costs. Higher than expected young adult enrollment is driving higher per enrollee per month subsidy costs. Ms. Fabian-Marks shared that there was also an unexpected increase in enrollment for non-young adults just above the Medicaid eligibility level (138-150% FPL) that combined with the higher-than-expected young adult enrollment make up \$32 million of the \$58 million budget deficit.

Next, Ms. Fabian-Marks discussed the impact of grace periods on the state subsidy program. She shared that the program has a three-month grace period for enrollees in a state of delinquency for a premium payment. The current cost projections assume that these enrollees make their initial payment and continue their enrollment in the program. This represents about 37,000 enrollees as of January 31. Ms. Fabian-Marks shared that the MHBE attempted to collect historical data on what proportion of enrollees are typically terminated following a grace period. She shared that only one carrier supplied this data, showing a 25% termination rate within a one-year period, historically. Ms. Fabian-Marks shared that termination of all enrollees in a grace period would save the program roughly \$35 million, and a termination rate of 25% would save roughly \$8 million.

Ms. Fabian-Marks then reported the projections of the SRP fund, which funds the subsidy program. She first shared that the subsidy program is authorized until CY 2028 via federal waiver. She noted that if subsidies continue for individuals enrolled through SEPs, the SRP fund would be significantly depleted entering CY 2028, with roughly \$82 million remaining, as opposed to \$412 million in CY 2025. Ms. Fabian-Marks cautioned that there is some uncertainty in this projection, as numbers are not finalized for reinsurance costs, or passthrough funding from the Center for Medicare & Medicaid Services (CMS). She emphasized that the opportunity for savings decreases month-

over-month, discouraging the MHBE from waiting to close subsidies to new SEP enrollees.

Projections were then shared for the SRP fund if subsidies are closed to new SEP enrollees. Ms. Fabian-Marks shared that the fund would see roughly \$40 million in savings entering CY 2028, with roughly \$122 million. She re-emphasized the uncertainty of these projections. She then shared the importance of these projections when considering the MHBE may continue the subsidy program through CY 2028 if the federal government does not offer some form of eAPTC before then. Ms. Fabian-Marks closed the presentation noting that this additional \$40 million in savings would allow the MHBE flexibility to provide some form of premium assistance in CY 2028.

Ms. Fabian-Marks then opened the presentation to questions.

Sec. Seshamani inquired about whether there are legal concerns about treating individuals who enroll after the pause in subsidies differently compared to those who enrolled with subsidies. Ms. Fabian-Marks replied that the original regulation granted the Board authority to make this change in the event of unexpected costs, barring any legal concerns.

Mr. Jacobs inquired about the significance of the “50%” figure in SRP fund projections. Ms. Fabian-Marks shared that the current projections include a 50% reduction in assistance to enrollees between 250-400% FPL, as the MHBE is fairly confident the program will not be able to continue running at the same level of generosity in CY 2027. She shared that multiple ideas of how to reduce spending have been presented to the Board, but that this 50% reduction has been used as a baseline assumption for modeling CY 2027 thus far, until the Board is able to finalize details.

Ms. Aluc requested clarity on whether the MHBE has intentions of going below the current 50% eAPTC replacement for the 250-400% FPL income bracket. Ms. Fabian-Marks clarified that the MHBE’s current projections for CY 2027 include a 25% replacement for this income bracket, or a 50% reduction in current replacement. She shared that MHBE is currently working on final recommendations for CY 2027 subsidy parameters and should have preliminary recommendations for the Board at the upcoming April meeting.

Ms. Aluc then asked about modeling for enrollees who would lose insurance if the MHBE were to pause subsidies for new enrollees and inquired about geographical distribution of these losses. Ms. Fabian-Marks shared that modeling revealed a projected loss of 6,000 enrollees, or 3% lower enrollment if the Board paused subsidies for new SEP enrollees. She shared that this modeling did not have a geographical component, but she estimated that it would follow the overall enrollment map, which is concentrated in the Baltimore and Washington metropolitan areas.

Ms. Volk added that if the state subsidy program costs do exceed projections, federal funding will not be increased, and the state will have to make up the difference. Ms.

Fabian-Marks confirmed this statement and emphasized the prudence of having reserves for this reason.

Ms. Volk then asked whether this projection is carried over to fund the state subsidy for next year, to which Ms. Fabian-Marks replied in the affirmative. Ms. Volk then asked whether enrollment was currently down. Ms. Fabian-Marks shared that enrollment was up 3% as of the end of open enrollment but actual enrollment is functionally flat compared to last year. Ms. Volk then inquired about the 25% termination rate reported by one insurance carrier, and whether the MHBE would expect this to look different across carriers. Ms. Fabian-Marks confirmed that they had no reason to expect differences, and that the 25% rate was a good “back-of-the-envelope” estimate.

Ms. Volk asked whether this action could be reconsidered if conditions improve after the subsidy pause. Ms. Fabian-Marks shared that the MHBE should have more clarity on grace periods by April/May of this year. She then shared that if unexpected savings arise from termination, the MHBE can report those savings to the Board, who can then decide to reopen the SRP fund for new enrollee subsidies. She emphasized that this is not an absolute decision for the rest of the year. Ms. Volk suggested an SEP for people who were disenrolled due to cost barriers if the pause were to end later in the year.

Ms. Grant then emphasized the importance of affordability for consumers for next year. She restated that this conundrum is the result of high enrollment, which is a good thing. She then stressed the many upcoming uncertainties to consider when making this decision, including reinsurance federal passthrough calculations. She shared that the Board can always reconsider the pause if more funding becomes available but urged the Board to preserve the state’s ability to offer subsidies in 2027.

Mr. Brannan inquired as to whether the MHBE had considered augmenting the young adult subsidy to make up for some of these new costs. He then brought SB 987, a pharmaceutical tax bill, to the Board’s attention, and asked whether this tax could help fund the subsidy, if passed. Ms. Grant shared that the revenue from SB 987 is not something to count on in making this decision. Ms. Fabian-Marks shared that the MHBE’s proposal does not include continuing the young adult subsidy alongside the state subsidy program. She re-emphasized that the state is prioritizing savings.

Ms. Eberle inquired about the impacts on passthrough funding due to consumers “buying down” in their plans, meaning they purchase lower tier plans, for the sake of having affordable insurance. Ms. Fabian-Marks responded that these impacts were hard to predict, due to the uncertainty of passthrough calculation processes by CMS. She hypothesized that CMS may have had the same prediction of lower enrollment, which may lead to a lower-than-expected passthrough calculation. She shared that the disconnect between passthrough calculations and actual enrollment may create a delta, for which the state would be responsible.

Ms. Fabian-Marks proposed the MHBE’s recommendation to pause state subsidies for SEP enrollments for the remainder of CY 2026, effective April 1. She clarified that this

pause does not apply to new members of households currently enrolled through the exchange. Sec. Seshamani emphasized the difficulty of the decision but highlighted the strength of enrollment through uncertainty. She asked whether an amendment to the motion would be necessary to allow potential reversal in the future. Ms. Fabian-Marks recommended the conversation be reopened if the Board wished to unfreeze the subsidies in the future, as the MHBE could conduct more modeling to estimate costs of SEP and subsidies. Sec. Seshamani then asked if the Board has authority to create a future SEP for those enrollees who dropped out due to lack of subsidies. Ms. Fabian-Marks replied that she believes the Board will have authority, though the MHBE's legal team had not been consulted.

Ms. Volk moved to approve the recommendation to pause the State Subsidy Program eligibility for new Special Enrollment Period enrollments for the remainder of PY2026 as presented. Ms. Grant seconded. The motion passed by unanimous consent.

Ms. Eberle and Sec. Seshamani thanked the Board for their time and closed the session.