Standing Advisory Committee Meeting

July 16, 2026

MHBE Policy Department

MARYLAND HEALTHBENEFIT EXCHANGE

Meeting will be recorded

Agenda

2:00 - 2:15 | Welcome and Introductions, Approve May 2026 Minutes
Marcquetta Carey and Stephanie Klapper, SAC Co-Chairs

2:15 - 2:30 | Executive Update
Johanna Fabian-Marks, MHBE Acting Executive Director

2:30 - 3:10 | Updates from Prescription Drug Affordability Board
Andrew York, PDAB Executive Director

3:10 - 3:40 | Federal and State Updates, SAC Discussion
Amelia Marcus, MHBE Legislative Affairs Manager

3:40 - 4:00 | Public Comment

4:00 | Adjournment

Vote on Meeting Minutes

Vote on Meeting Minutes

“I move to [approve/approve with amendments] the Standing Advisory Committee meeting minutes from May 21, 2026.”

Executive Update

MARYLAND HEALTHBENEFIT EXCHANGE

Updates from the Prescription Drug Affordability Board (PDAB)

MARYLAND HEALTHBENEFIT EXCHANGE

Prescription Drug Affordability Board

Maryland Health Benefit Exchange-Standing Advisory Committee

July 16, 2026

Andrew York, Executive Director

Agenda

- Overview of Prescription Drug Affordability Board
- Update Cost Review Process
- Update on Policy Review Process and Upper Payment Limits

PDAB Overview

- **During the 2019 Session, the General Assembly enacted HB768/SB759 creating the Maryland Prescription Drug Affordability Board as an independent agency**

- **Structure:**
  - 5 Member Board
  - 26 Member Stakeholder Council (Updated to 29 Members in HB424/SB357)

- **Purpose:**
  - "…protect State residents, State and local governments, commercial health plans, health care providers, pharmacies licensed in the State, and other stakeholders within the health care system from the high costs of prescription drug products."

PDAB Overview- Board Members

Van Mitchell, Chair (Appointed by the Senate President and Speaker)

Georges C. Benjamin, MD (Appointed by the Governor)

Stephen Rockower, MD, FAAOS (Appointed by the Senate President)

Julia F. Slejko, PhD (Appointed by the Speaker of the House of Delegates)

Jerry Anderson, PhD (Appointed by the Attorney General)

MARYLAND
Prescription Drug Affordability Board

PDAB Overview

Priority Projects:

- **Cost Reviews**
  - In-depth review of select drugs to determine if they cause affordability challenges
- **Upper Payment Limits**
  - Policy tool to address drugs that cause affordability challenges implemented through Upper Payment Limit Action Plan
- **Recommend Additional Policies**
  - Annual report that summarizes price trends and recommends policies

Cost Review Study Process

COMAR 14.01.04

Identify

Select

Collect

Analyze

Results

MARYLAND
Prescription Drug Affordability Board

Cost Review Study Process Timeline

Identify → **Select**

PDAB Meeting	PDAB Meeting	Stakeholder Council Meeting	Interim	PDAB Meeting
Public Reporting of Drug Affordability Issues Board has opportunity to add prescription drug products for inclusion on the list of eligible drugs for cost review	Identifying prescription drug products to consider for cost review- this is a subset from eligibility list Refer prescription drug products to the Stakeholder Council for input	PDASC will review and discuss the referred prescription drug products at an open meeting	Public comment Listening sessions	Board selects prescription drug product(s) for cost review Next Steps: ➔ Collect ➔ Analyze ➔ Results

Cost and Policy Review Process

Drug(s) in Cost Review	Data Collection	Analyze	Preliminary Determination	Policy Review Process	Final Results
Drug(s) selected for Cost Review Study will be posted on the Board's Website. - 60 day written comment period begins with posting	PDAB may request information from, and post request: - Manufacturers - Carrier, HMO and MCO - Pharmacy Benefits Managers - Wholesale Distributor	Board Staff may assemble a dossier of data and analyses for consideration in cost review study as outlined in COMAR 14.01.04.05.	Board may preliminarily determine whether the prescription drug has led or will lead to: - Affordability challenges to the State health care system or - High out of pocket costs for patients	Board may perform the policy review process to identify and recommend policies to address affordability challenges: - Process for setting upper payment limits - Process for all other policies that are not upper payment limits	Board takes final action: - Board Finalizes Determination and Adopts Final Cost Review Study Report - Board Adopts Policy Recommendations - Board Adopts Proposed UPL Regulation

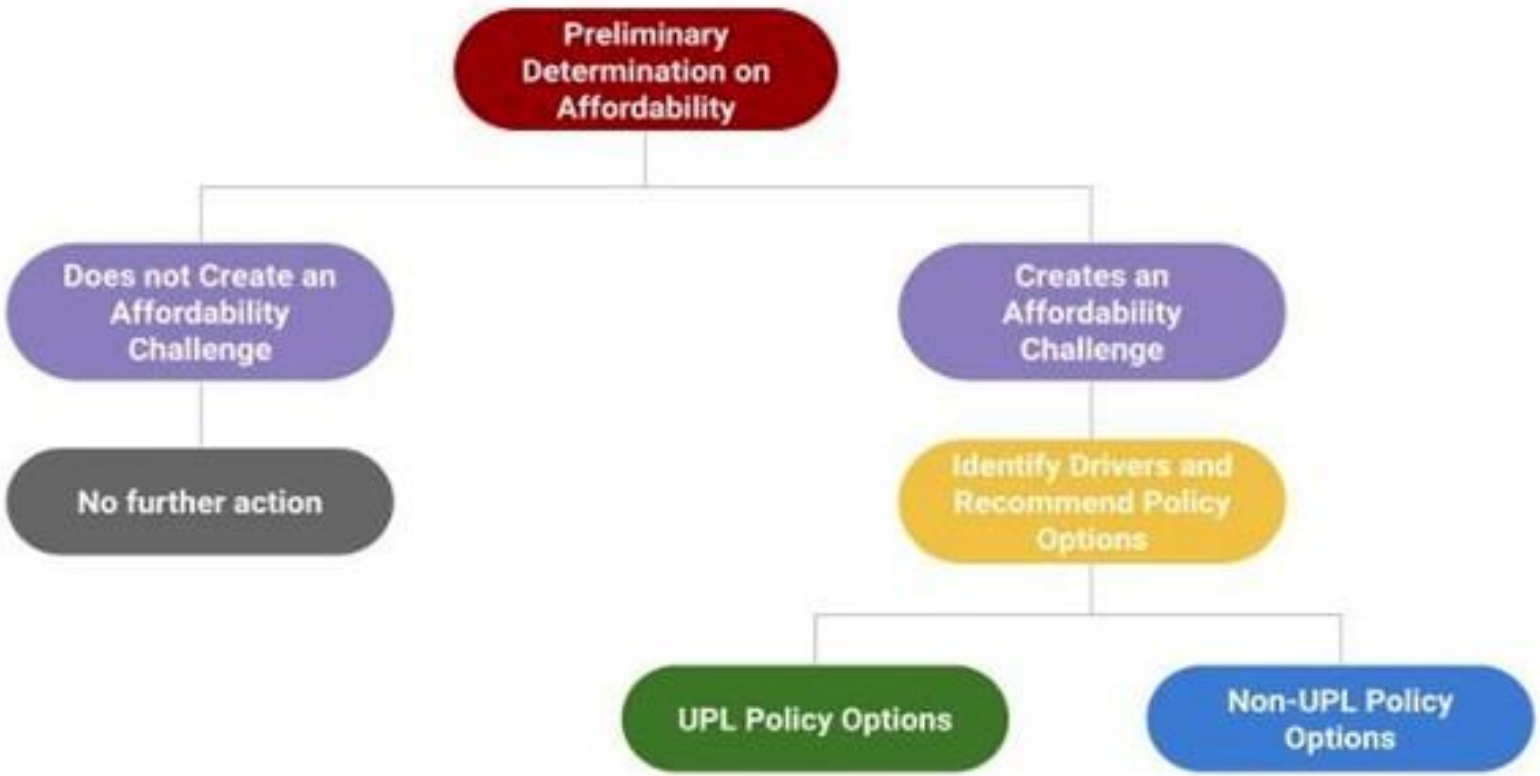
Drugs Selected for Cost Review Study Process

- Farxiga (dapagliflozin)
- Jardiance (empagliflozin)
- Ozempic (semaglutide)
- Trulicity (dulaglutide)
- Dupixent (dupilumab)
- Skyrizi (risankizumab)

Overview-
Policy Review Process and UPL Development

1. **Optional Information Gathering**
2. **Staff Recommends Policy Options**
    - Drivers of Affordability Challenges
    - Policy Options to Address Identified Drivers
        - Non-UPL Policy
        - UPL Policy
3. **Final Actions**
    - Adopt Final Determination Concerning Affordability Challenge
    - Adopt (a) other (non-UPL) policy recommendations; (b) proposed regulations setting the UPL at the specified amount; or (c) both.

Process after Board Makes Preliminary Determination on Affordability



Policy Options- Drug Deemed to Create Affordability Challenges

Updates

- COMAR 14.01.06 Implementation and Monitoring of Upper Payment Limits were published in the June 12, 2026, DSD Maryland Register and comments are being accepted until July 13, 2026.
- The Board has approved proposed Upper Payment Limit regulations for Jardiance and Ozempic. Those regulations were published in the June 26, 2026 Register and comments are being accepted until July 27, 2026
- Planning to close out Trulicity, Dupixent, and Skyrizi by the end of this year.

UPL Implementation

- The Board can currently implement upper payment limits for Eligible Governmental Entities. This includes prescription drug products:
  - Purchased or paid for by a unit of State or local government or an organization on behalf of a unit of State or local government, including:
    - (i) State or county correctional facilities;
    - (ii) State hospitals; and
    - (iii) Health clinics at State institutions of higher education;
  - Paid for through a health benefit plan on behalf of a unit of State or local government, including a county, bicounty, or municipal employee health benefit plan; or
  - Purchased for or paid for by the Maryland State Medical Assistance Program.
- COMAR 14.01.06 Implementation and Monitoring of Upper Payment Limits states that Eligible Governmental contracts that are awarded or renegotiated after January 1, 2028 must comply with the regulations that implement upper payment limits
- Regulations that implement upper payment limits for Jardiance and Ozempic go into effect on January 1, 2027, but are contingent on Eligible Governmental Entity prescription drug plan contracts having the necessary provisions from COMAR 14.01.06

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Prescription Drug Affordability Board

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pdab.maryland.gov

Federal and State Updates

MARYLAND HEALTHBENEFIT EXCHANGE

Overview of Federal Changes Impacting Marketplaces

New federal rules makes **enrollment more difficult, restrict eligibility, reduce affordability**, and ultimately discourage healthier people from enrolling, resulting in a more expensive risk pool.

CMS Marketplace Program Integrity Final Rule
Published June 25, 2025

Budget Reconciliation Bill - H.R. 1 / OBBBA
Signed into law July 4, 2025

Expiration of Enhanced Premium Tax Credits
December 31, 2025

2027 Notice of Benefit and Payment Parameters
Published May 20, 2026

Medicaid Community Engagement Requirements IFR
Published June 30, 2026

Major Markeptlace Provisions from 2025 and 2026

- Aug 1, 2025: **Rescinds DACA eligibility** for Marketplace enrollment and financial assistance **(PI Rule)**
- Jan 1, 2026: **Eliminates subsidy eligibility for income-based SEPs** - including the monthly<150% FPL SEP **(H.R.1)**
- Jan 1, 2026: **Eliminates APTC eligibility for lawfully present immigrants <100% FPL.** *Impact: 20,000* **(H.R. 1)**
- ~~Fall 2026 for Plan Year (PY) 2027: **Shortens Open Enrollment Dates** beginning 2027 OE **(PI Rule)**~~
  - This provision was challenged in federal district court, which just ruled on summary judgment in June 2026, vacating this provision. So states do not have to shorten OE and **Maryland will maintain Nov 1 - Jan 15 OE dates for 2027.**

Major Provisions for 2027 and 2028

- Jan 1, 2027: **Eliminates APTC eligibility for many lawfully present immigrants**: Limit eligibility for APTC to lawfully present immigrants who are green card holders, COFA migrants, and certain Cuban/Haitian immigrants. Eliminates eligibility for many lawfully present immigrants including refugees, asylees, and people with Temporary Protected Status. **(H.R.1)**
  - *Similar limits for Medicaid effective October 1, 2026*

- Tax year 2026 (PY2027): **Recapture of excess premium tax credits -** requires that recipients repay the full amount of any excess, regardless of income **(H.R. 1)**

- Jan. 1, 2028: Pre-enrollment verification of eligibility: Requires new and renewing consumers to verify their information and resolve any data matching errors before receiving APTC. Functionally ends auto-renewal. (H.R.1)

Medicaid H.R.1 Eligibility Provisions

- Oct 1, 2026: **Eliminates Medicaid eligibility for many lawfully present immigrants:**
  - Same limits as Marketplace provision effective Jan 1, 2027
  - Note: Pregnant women and children not impacted. Emergency Medical Assistance not impacted.
  - Impact: ~15,000 non-citizens may lose coverage.

- Jan 1 2027: **Increased Medicaid redeterminations for ACA Adults**
  - Requires states to conduct eligibility redeterminations once every six months for ACA expansion adults. (Current requirement is annual).

- Jan 1 2027: **Medicaid work requirements for ACA Adults*** (~320,000 adults in this coverage group):
  - Requires states to implement work requirements as a condition of Medicaid eligibility for ACA expansion adults aged 19 through 64.
  - Impact: ~115,000 ACA Adults could lose coverage.

*CMS published the Interim Final Rule on implementing Medicaid Community Engagement (work) requirements on June 1, 2026. **Public comment period for the IFR is open through July 31.**

- IFR and public comment submission: https://www.federalregister.gov/documents/2026/06/03/2026-11094/medicaid-program-community-engagement-requirement-for-certain-individuals
- IFR Fact Sheet: https://www.cms.gov/newsroom/fact-sheets/medicaid-community-engagement-requirement-certain-individuals-interim-final-rule-comment-period-cms

Partner Resources for Medicaid Changes

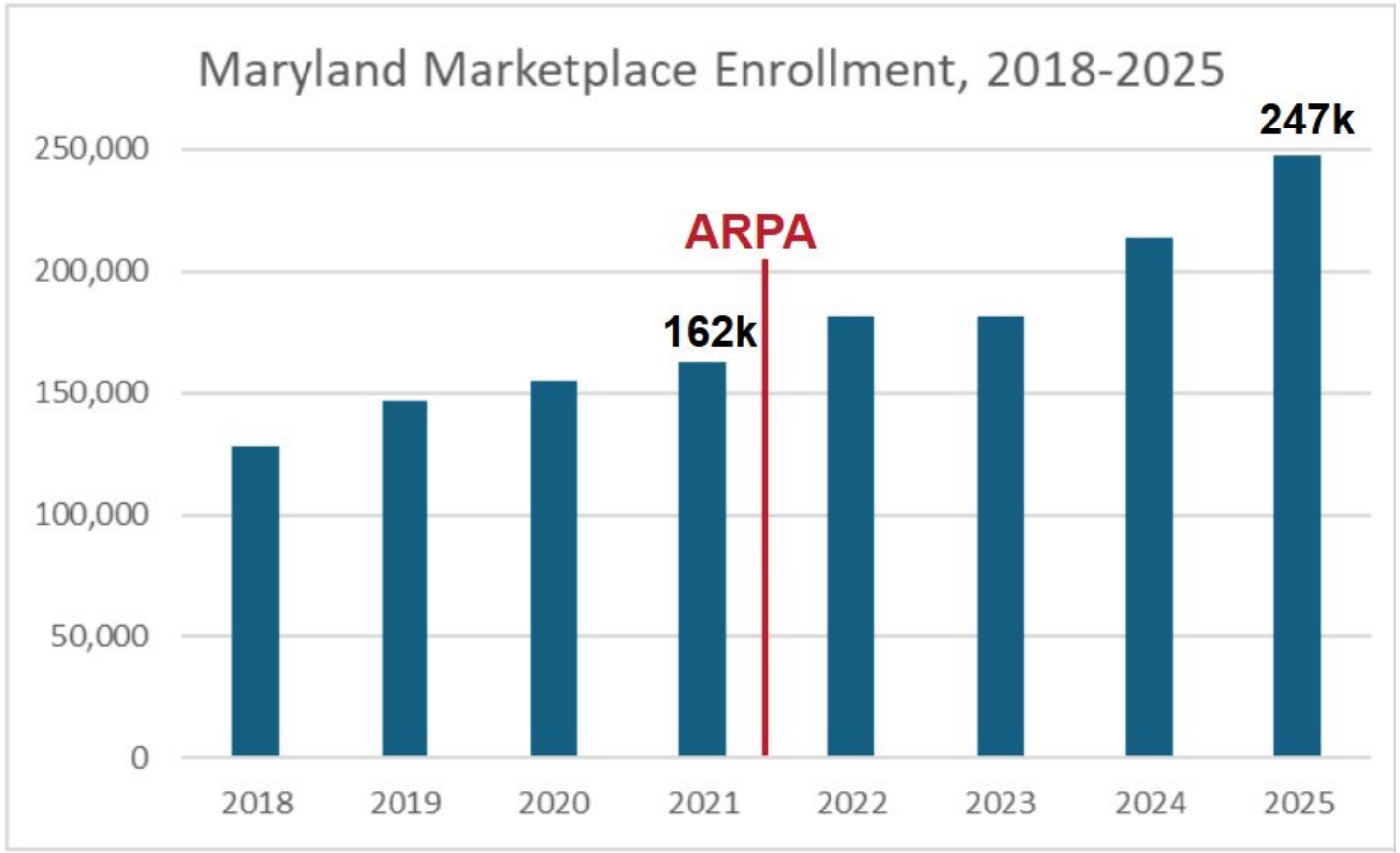
The MD Department of Health has launched a dedicated toolkit to help navigate Medicaid changes:

- Updated Immigration Status Requirements webpage and FAQs
- Medicaid Member Immigration Changes one-pager
- Provider Immigration Changes FAQ document
- Other digital toolkits for work requirements

Updates on Proposed 2027 Reinsurance and Subsidy Parameters

Increased Costs in 2026 - Enhanced PTC not Renewed

- Congress enhanced federal premium tax credits for **2021 through 2025 -** increased eligibility for and generosity of Marketplace financial assistance and making health plans more affordable
    - Enhanced premium tax credits (ePTC) expired Dec 31, 2025
- **In response:** Maryland passed legislation in 2025 authorizing MHBE to implement a **State-Based Individual Subsidy Program** to mitigate reduction in federal tax credits and enrollment losses



MARYLAND HEALTHBENEFIT EXCHANGE

2026 State Subsidy: Impact on Enrollment

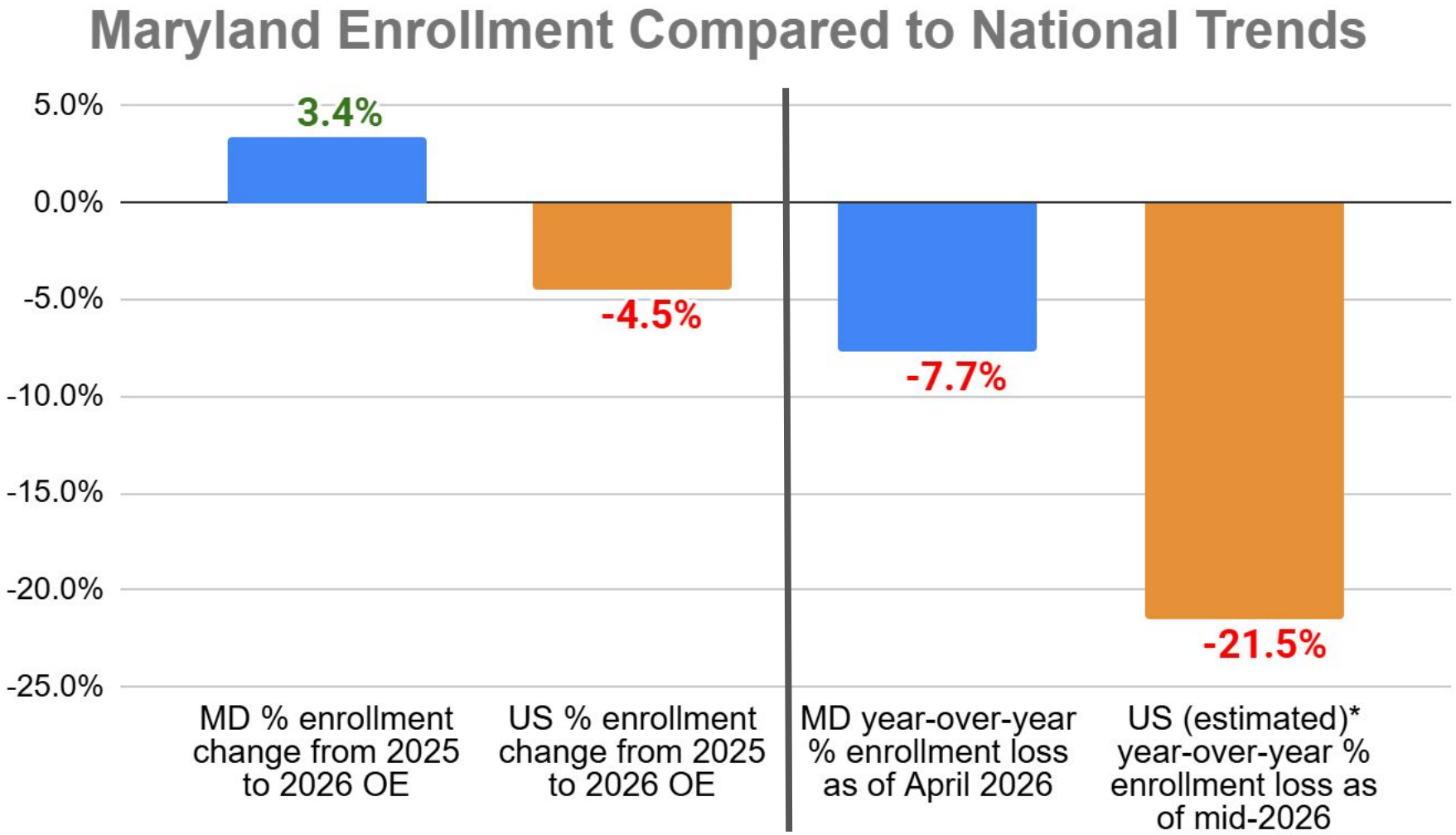
Estimated Individual Market Coverage Declines in 2026

- Approx. 110,000 enrollees (34% of individual market) would no longer be able to afford coverage and go uninsured, absent state or federal action
  - 90,000 due to ePTC expiration + 20,000 lawfully present non-citizens with income under 100% FPL due to losing eligibility for APTC
- With MD's state subsidy in 2026, we expect to be able to retain about 60,000 enrollees, limiting coverage losses to about **50,000 individuals**

Actual Marketplace Coverage Declines year over year as of April 2026

- 18,502 (7.7% of Marketplace enrollment).
- As expected the majority of lawfully present non-citizens no longer eligible for APTC have dropped coverage this year. *However the state subsidy has successfully retained coverage for the population still eligible for financial assistance in 2026.*

Maryland Vs. National 2026 Enrollment Trends



MARYLAND HEALTHBENEFIT EXCHANGE

*https://www.kff.org/affordable-care-act/what-we-know-so-far-about-2026-aca-marketplace-enrollment-premiums-and-deductibles/

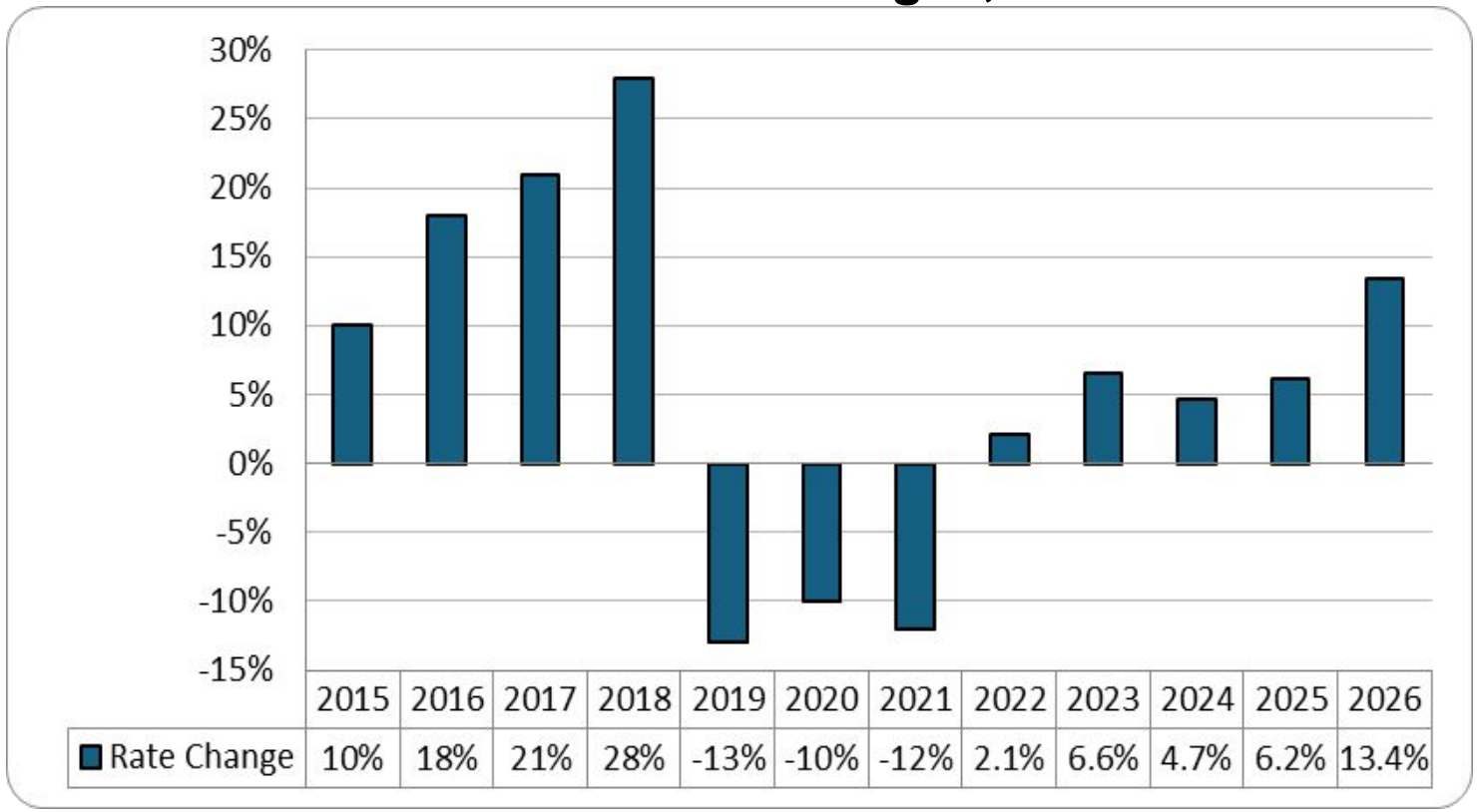
Refresher: State Reinsurance Program Background

Reinsurance reimburses insurers for a portion of their claims costs. Lower costs allow carriers to charge lower premiums.

History:

- **2014:** ACA market reforms went into effect
- **2014-2018:** Individual market rates increased by double digits
- **2019:** Reinsurance program implemented
- **2026:** *Rates still down more than 6%* compared to pre-waiver 2018, enrollment up.

Individual Market Rate Changes, 2015 - 2026



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rate Change	10%	18%	21%	28%	-13%	-10%	-12%	2.1%	6.6%	4.7%	6.2%	13.4%

MARYLAND HEALTHBENEFIT EXCHANGE

How Do We Fund Affordability Programs (Reinsurance + Subsidy)

Federal Funds: ACA Section 1332 State Innovation Waiver (State Reinsurance Program)

- Under Section 1332 of the ACA, states can waive certain ACA rules
- If the waiver lowers premiums, federal premium subsidy costs decrease, saving the feds money
- Under the waiver, the federal government then redirects those savings back to the state - called **pass-through funding** - to help run the waiver program

State Funds

- **Assessment** through 2028 on most state-regulated health insurance premiums. 2.75% in 2019, 1% for 2020-2028
- **Reserve**: The higher 2019 assessment + higher than expected federal funding in the early years of the program allowed MHBE to build up a reserve of state funds

To the extent a state intervention (like a subsidy) increases APTC-eligible enrollment, it can also increase pass-through funding. This reduces the state funds necessary for reinsurance, partially offsetting the state cost of the intervention.

2027 State Subsidy Parameters: Status Update

2026 Subsidy Parameters

- **Up to 200% FPL**: fully replace eAPTC
- **200 to 250% FPL:** phase down to 50% replacement at 250% FPL
- **250%-400% FPL:** 50% replacement of eAPTC
- **Above 400% FPL:** No subsidy
- Continue 2025 Young Adult Subsidy parameters.

MHBE Board Proposed 2027 Parameters (April)

- **Up to 200% FPL:** fully replace eAPTC
- **200 to 250% FPL:** Phase down to 25% at 250% FPL;
- **250%-400% FPL:** 25% replacement 250-400%;
- **Above 400% FPL:** No subsidy
- Continue Young Adult Subsidy

Minimal projected impact to enrollment; reduce subsidy cost by $35M relative to 2026 parameters

Developments Since April

- 2025 reinsurance cost savings did not materialize
- Waiting for 2026 federal reinsurance passthrough (usually provided ~March)
- HSCRC uncompensated care proposal - vote July 22
- Anticipate finalizing 2027 parameters in mid-August
- Absent additional funding, state subsidy likely will have to be significantly reduced in 2027

Timeline for Decisions on Affordability Investment Level

- **August 4th Board meeting:** 2027 state subsidy, young adult subsidy, and reinsurance parameters
  - *Pending receipt of 2026 pass-through funding from CMS, clarity on other potential funding*

- **2027 legislative session**: legislation on reinsurance fee / individual market affordability programs
  - 1% fee (which funds MHBE affordability programs) and current federal waiver to operate the reinsurance program sunset Dec 2028
    - State subsidy sunsets end of 2027
  - To extend the waiver and fee, need authorizing legislation in 2027 to submit extension application late ‘27/early ‘28

- **MHBE working on modeling to share in fall 2026** to inform legislative discussions
  - Reinsurance and state subsidy in 2028 and out years with various levels of state funding

Interagency and Stakeholder Health Care Commissions

Health Insurance Coverage Protection Commission (HICPC)

Legislation in 2025 reestablished the commission through June 30, 2029, to:

1. monitor potential and actual federal changes to the ACA, the federal Mental Health Parity and Addiction Equity Act, Medicaid, Medicare, and the Maryland All-Payer Model;
2. assess the impact of such changes; and
3. provide recommendations for State and local action to protect access to affordable health coverage.

By Dec. 31 each year, the commission must submit an annual report. DLS, MDH, and MIA jointly staff the commission. MHBE

Commission on Re-Imagining Health Care in Maryland (HB 1367)

Envision and make recommendations regarding establishing a comprehensive, patient-centered health care system in the State.

Final report of findings and recommendations to the Governor and the General Assembly by Dec. 1, 2029.

Discussion

- What are your priorities for how MHBE thinks about structuring affordability programs in 2027 and beyond?
- What risks require our greatest attention?
- Are there other partners MHBE should be engaging to advance our mission?

Public Comment

MARYLAND HEALTHBENEFIT EXCHANGE

SAC Members

Aika Aluc (MHBE Board Liaison)

Marcquetta Carey (Co-Chair)

Stephanie Klapper (Co-Chair)

Jeff Amoros

Andrew Anderson

Awanya Anglin-Brodie

Elizabeth Arend Dutta

Andrew Baum

Sonya Bruton

Leidi Garcia

Maya Greifer

Brandy Guy

Ebone Liggins

Kiya Lofland

Allison Mangiaracino

Allan Pack

Kimberly Robinson

Mark Romaninsky

Rodrigo Stein

Toni Thompson-Chittams

Jana Varwig

Jake Whitaker