

Section 1332 of the Patient Protection and Affordable Care Act (ACA) State Innovation Waivers – Reinsurance Waiver Annual Report, PY 2025

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on your specific terms and conditions (STCs), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft Annual Reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: Maryland

A. Grantee Information

1. Reporting Period End Date	Dec 31, 2025
2. Report Due Date	March 31, 2026
3. Report Submitted On (Date)	
4. Federal Agency and Organization Element to Which Report is Submitted	Consumer Information & Insurance Oversight
5. Federal Grant Number Assigned by Federal Agency	1SIWIW190006-01-00
6. (a) UEI Grant Number	XNKNNG1AEYQB5
(b) EIN	526002033
7. Recipient Organization Name	Maryland Health Benefit Exchange
Address Line 1	750 E Pratt St
Address Line 2	6th Floor
Address Line 3	
City	Baltimore

State Maryland

ZIP Code 21202

ZIP Extension

8. Grant Period Start Date January 1, 2019

9. Grant Period End Date December 31, 2028

10. Other Attachments (attach other documents as needed or as instructed by the awarding federal agency)

Seventh Annual Forum slides, meeting minutes, and one written comment.

B. Report Certification

11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

(a) Typed or printed name and title of Authorized Certifying Official

Johanna Fabian-Marks, Executive Director

(b) Signature of Authorized Certifying Official

Johanna

Fabian-Marks

Digitally signed by
Johanna Fabian-Marks
Date: 2026.10.14 16:56:22
-04'00'

(c) Telephone (area code, number, and extension)

443-890-3518

(d) Email address

johanna.fabian-marks@maryland.gov

(e) Date report submitted (month/day/year)

C. Progress of Section 1332 Waiver – General

12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.

Based on consultation with the Maryland Insurance Administration (MIA) and actuarial firm Lewis & Ellis, Maryland Health Benefit Exchange (MHBE) staff recommended that the Board of Trustees (the Board) approve the 2026 estimated reinsurance parameters to include a \$22,000 attachment point, 80% coinsurance, \$250,000 cap, and a dampening factor to be determined by the Insurance Commissioner. On February 15, 2025, the Board voted to approve the staff recommendation for the 2026 estimated parameters. The estimated parameters were to inform 2026 rate filings submitted in May 2025. A 30-day public comment period on the estimated parameters (except for the as-yet undetermined dampening factor) was held March 5th through April 7, 2025.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails and plans for and results of associated corrective actions. If challenges were described in a prior annual report, only report on changes and/or updates, as appropriate.

N/A

D. Progress of Section 1332 Waiver – State-specific

14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1). Please report data for the full plan year (i.e., PY 2025).

For projections—Provide the most up-to-date projections available at the time of completing this report. If the state does not have recent projections, provide projections from the Pass-through Funding Report. In the Comments column, please specify which scenario the projections reflect.

For actuals—Provide the most up-to-date actuals available at the time of completing this report. If the state does not have actuals reflecting the full plan year, insert a placeholder (e.g., TBD) and specify in the Comments column when the data will be available. Once final actuals are known, please update the Annual Report.

Metric	Value	Comments (if applicable)
a. Projected and actual individual market enrollment (total annual member months) on the Exchange in the state for the plan year	Projected APTC enrollment: 2,326,104 member months (193,842 x 12) Actual APTC enrollment:	MHBE projects total APTC enrollment and (on + off) non group enrollment rather than on vs off Exchange enrollment. Instead of projected
b. Projected and actual individual market enrollment (total annual member months) off the Exchange in the state for the plan year.	Projected total market enrollment: 3,886,560 member months (323,880 x 12) Actual total market	Instead of projected on-Exchange enrollment, in the draft report we provided projected and actual APTC enrollment, and actual on-exchange enrollment
c. Projected and actual individual market total annual collected premiums on the Exchange for the plan year (i.e., total premiums collected by insurers, including any portion paid by APTC).	Projected total APTC: \$926,775,465 Actual total APTC: \$937,151,264	Projected figure is total APTCs, not total premiums on-exchange, because of how MHBE does projections.

Metric	Value	Comments (if applicable)
d. Projected and actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected avg APTC: \$398 Actual avg APTC: \$426.52	Projected average APTC PMPM, not on-exchange premium rate, because of how MHBE does projections.
e. To the extent available, projected and actual individual market total annual collected premiums off the Exchange for the plan year.	Projected total market premiums: \$1,976,310,492 Actual total: \$1,725,621,290	Projected and actual total (on- and off-exchange) non group premiums, not off-exchange only.
f. To the extent available, projected and actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected avg premium for total individual market: \$508 Actual avg: \$489	Projected and actual average premium are for total non-group market, not off-exchange only.
g. Actual Second-Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year-old non- smoker) in each rating area for the plan year	Rating Area 1: \$285.85 Rating Area 2a: \$285.85 Rating Area 2b: \$285.85 Rating Area 3: \$285.85 Rating Area 4a: \$285.85 Rating Area 4b: \$285.85	From 2025 state specific premium data for section 1332 waiver pass-through calculations: https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers_Announcements
h. Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year-old non- smoker) in each rating area for the plan year.	Rating Area 1: \$427.44 Rating Area 2a: \$427.44 Rating Area 2b: \$427.44 Rating Area 3: \$427.44 Rating Area 4a: \$427.44 Rating Area 4b: \$427.44	From 2025 state specific premium data for section 1332 waiver pass-through calculations: https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers_Announcements

Metric	Value	Comments (if applicable)
i. For states with State-based Exchanges: actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year.	Rating Area 1: \$337,859,615.57 Rating Area 2a: \$19,472,794.52 Rating Area 2b: \$92,095,499.48 Rating Area 3: \$1,117,683,670.13	From MHBE internal calculations. Total amount across all rating areas: \$937,151,263.66
j. For states with State-based Exchanges: actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	183,102	

15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.

Maryland's reinsurance waiver does not impact the scope of benefits covered on Maryland's essential health benefit benchmark.

16. Describe any technical changes made to the state's waiver plan during the plan year (i.e., PY 2025), including but not limited to changes in: program funding levels; reinsurance payment parameters; reinsurance reimbursement eligibility criteria for enrollee claims. If there were no technical changes, please confirm the final payment parameters and program funding levels.

Secondly, if applicable, describe any technical changes being considered for the upcoming PY.

The attachment point was the only payment parameter to change between PY 2025 and PY 2026. For PY 2026, the payment parameters include an attachment point of \$24,000, up from \$21,000 in 2025; coinsurance rate of 80%; cap of \$250,000; and dampening factor of .850. As noted above and described in more detail below (#17), the attachment point for 2026 was finalized at a higher level than originally estimated due to the requirement under HB1082 of 2025 to establish a state-based subsidy to replace enhanced APTC using the same

17. Describe any changes in state law or regulation that might impact the waiver and the date(s) these changes occurred or are expected to occur. For each state law or regulation, please provide its name, reference number, and link to its text.

HB1082 of 2025 ("Health Insurance - Individual Market Stabilization - Establishment of the State-Based Health Insurance Subsidies Program"; https://mgaleg.maryland.gov/2025RS/Chapters_noln/CH_468_hb1082t.pdf) required MHBE to establish a State-Based Individual Subsidy Program to replace a portion of enhanced APTC if it expired at the end of 2025, using funds from the state premium assessment that also funds the reinsurance program and Young Adult Subsidy. As discussed above, reinsurance parameters for 2026 had to factor in the amount to be allocated to the new subsidy program, which we learned after

18. Report on spending for the plan year (i.e., PY 2025). If information for the full PY is not available at the time of completing this report, please provide the most complete responses possible and specify the timeframe covered, OR insert a placeholder (e.g., TBD) and specify in the Comments column when the data will be available (e.g., after reinsurance payment calculations are received in [month]). Once final actuals are known, please update the Annual Report.

Metric	Value	Comments (if applicable)
a. Amount of federal pass-through funding spent on individual claim payments to issuers from the reinsurance program for the plan year.	\$577,649,807.50	Total pass-through funding: \$577,750,590
b. Amount of federal pass-through funding spent on operation of the reinsurance program (e.g., administrative costs, EDGE server fees, etc.) for the plan year.	\$100,782.50	CMS EDGE server fee: \$8,000 Actuarial fees: \$92,782.50
c. Amount of any unspent balance of federal pass-through funding for the plan year.	\$0	
d. Amount of state funding contributed to fully fund the program for the plan year.	\$164,797,748.37	

19. If applicable, provide a claims breakout at an aggregate level for the top five conditions or cost drivers of the five conditions, including settings of care in the individual market.

Not applicable because Maryland has a claims-based reinsurance program.

The top five conditions reimbursed by the SRP in 2024 (the most recent year for which MHBE can report) by total allowed claims were cancers, end stage renal disease, diabetes, heart failure, and cardio-respiratory failure and shock, including respiratory distress syndromes.

20. If applicable, report on any strategies or incentives for providers, enrollees, and plan issuers to continue managing health care cost, claims, and utilization for individuals eligible for reinsurance.

Issuers are required to submit State Reinsurance Program Carrier Accountability Reports annually for the preceding year, in which they document their actions to manage the costs and utilization of enrollees whose claims are reimbursable under the SRP.

21. If applicable, report any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high-cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high-cost risk adjustment program.

Metric	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high- cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool.	For 2025, the Insurance Commissioner applied a dampening factor of 0.850. Below are the carrier specific reinsurance amounts based on the initial EDGE data and followed by the adjusted	HHS does not modify RA payments in Maryland. However, for 2025 payments the state applied a factor at the state level to reinsurance payments to adjust for the interaction with the risk adjustment
b. Risk adjustment amount paid by HHS for those claims.	N/A	
c. Reinsurance reconciliation (or true-up) amount applied.	N/A	

E. Post-Award Forum

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?

☒ Yes

☐ No

23. State website address where Post-Award Forum was advertised and where the Annual Report is posted. In addition, please ensure prior years' Annual Reports are posted on the state's website.

<https://www.marylandhbe.com/policy/reinsurance-program/>.

MHBE published notice of the forum in the June 13, 2025 issue of the Maryland Register:

24. Date Post-Award Forum took place:

July 23, 2025

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received, number of participants in the forum, and actions taken in response to concerns or comments.

Becca Lane, Senior Health Policy Analyst at MHBE, presented on program performance for plan years 2024-2025 and program developments since last year's forum. Ms. Lane reported that average premiums in Plan Year 2025 remained well below their peak from before the SRP began, although there was an increase of 6.2% in average premium in 2025. Total individual market enrollment in Maryland has increased by about 66% since the inception of the SRP.

26. Other Attachments (attach other documents as needed pertaining to Post-Award Forum)

Seventh Annual Forum slides, meeting minutes, and one public comment.

F. State Internal Implementation Review – Attestation

27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

☒ Yes

☐ No

28. Describe the state's implementation review process.

Maryland produced three quarterly reports, one pass-through funding report, and one annual report to the Center for Medicare and Medicaid Services Center for Consumer Information and Insurance Oversight (CCIIO). These reports catalog a timely process of how the Maryland State Reinsurance Program functions throughout the plan year.

To support the implementation of oversight of the Maryland Reinsurance program, Maryland adopted state specific regulations surrounding the program (COMAR 14.35.17 State Reinsurance Program). This chapter sets forth the structure, implementation, and eligibility standards for the State Reinsurance Program, as required under Insurance Article, Section 31-117, Annotated Code of Maryland. Regulations were finalized in January 2019.