



State Reinsurance Program Annual Public Forum

August 4, 2026

Meeting Held via Video Conference

Welcome and Introductions:

Becca Lane, Senior Health Policy Analyst at Maryland Health Benefit Exchange (MHBE) opened the meeting by identifying the federal regulations under which the meeting is required. Ms. Lane stated that the meeting's purpose is to allow the public to comment on the progress of the 1332 waiver. Ms. Lane then reviewed the meeting's agenda, which included a discussion of program performance for Plan Year 2026, program developments since the last Annual Public Forum, carrier accountability reports for plan year 2024, and a public testimony period.

Maryland State Reinsurance Program Performance for Plan Year 2026

Ms. Lane began the discussion by reviewing trends in premium rates since 2015. She reported that premiums went down significantly after the state reinsurance program (SRP) was established in 2019, with large rate reductions in the first three years followed by modest increases. For 2026, the average rate increase for the market was 13.4%, higher than in recent years, due to the expiration of federal enhanced premium tax credits (ePTCs). Ms. Lane noted that carriers have filed rate increases of 13.7% on average for 2027, with final rates expected in September.

Ms. Lane then compared current premium rates to national averages. She reported that Maryland's lowest cost plans remain lower than they were before the SRP was implemented and are about 40% below U.S. averages. Maryland also offers the lowest-cost Bronze plan in the country.

Next, Ms. Lane gave a brief overview of how the SRP operates, noting that carriers are reimbursed for a portion of their high-cost claims, allowing the carriers to charge lower premiums. She explained that the generosity of the program is defined by payment parameters set annually by the MHBE Board of Trustees: an attachment point (the threshold for reimbursement-- in 2026, \$24,000)), a coinsurance rate (80%), a cap (\$250,000), and a dampening factor determined by the Insurance Commissioner. She noted that about 7% of total individual market enrollment had claims reimbursed in 2025, covering about \$742 million or one-third of total paid claims.

Next, Ms. Lane estimated the effects of the SRP on premiums by insurance carrier. Without the SRP, premium rates would have increased an average of 64.2%, but with the program, have only increased by 13.4%.

Next, Ms. Lane discussed enrollment impacts. On-exchange enrollment has increased 58% and combined on- and off-exchange enrollment increased by 48% since the program was enacted in 2019. She estimated that without the reinsurance program, enrollment would be 6% lower, meaning about 16,000 more people are enrolled than would be otherwise.

Program Developments Since Last Annual Reinsurance Public Forum

Ms. Lane began by describing recent regulatory updates, including the Marketplace Program Integrity Final Rule and the Notice of Benefit and Payment Parameters for 2027. She also discussed the Budget Reconciliation Bill (H.R. 1) enacted in 2025.

Next, Ms. Lane explained that these factors, combined with the expiration of ePTCs at the end of 2025, are making enrollment more difficult and discouraging healthier people from enrolling. She detailed provisions in H.R. 1 that eliminate eligibility for premium tax credits for lawfully present immigrants with incomes below 100% of the federal poverty level (FPL), starting in January 2026.

Next, Ms. Lane discussed other impacts of H.R. 1, including provisions codifying the Centers for Medicare and Medicaid Services (CMS) Final Rule that add burdens to enrollment and restrict eligibility for a broader range of lawfully present immigrants, including refugees, asylees, and those with Temporary Protected Status beginning in January 2027. Another provision starting in January 2028 requires all consumers to fully verify their information and resolve any data matching issues before receiving advanced PTCs. She explained that these changes increase the likelihood of a more expensive risk pool.

Next, Ms. Lane shared details of the state subsidy program implemented in response to the loss of ePTCs. During the 2026 plan year, the state subsidy preserved more enrollment than anticipated: about 18,500 Marylanders lost coverage, far fewer than the 110,000 MHBE estimated would lose coverage without a subsidy and fewer than the 50,000 MHBE estimated would lose coverage in a modeling scenario with a subsidy. She noted that the Board voted earlier that morning to maintain the 2026 subsidy parameters for 2027, ensuring full replacement of enhanced tax credits up to 200% FPL, a phased reduction between 200% and 250%, and partial replacement up to 400% FPL. This decision was possible due to a funding allocation of \$100 million from the Maryland Health Services Cost Review Commission (HSCRC) to support the SRP Fund's market stabilization efforts.

Next, Ms. Lane discussed the sustainability of these programs, noting that they partially rely on a 1% insurer assessment set to expire at the end of 2028. Maryland will need 2027 legislation to extend the state funding source and enable MHBE to submit a 1332 reinsurance waiver extension and separate legislation to continue the all-ages state subsidy beyond 2027.

Carrier Accountability Reports

Ms. Lane explained that insurance carriers participating in the SRP are required by regulation to submit annual accountability reports to MHBE describing their activities aimed at managing the costs of enrollees whose claims were reimbursed by the program. Given that overall program costs have been rising, she noted these reports are a way for MHBE to work with carriers to control costs and maintain care quality.

Next, Ms. Lane detailed the contents of the 2024 reports—the most recent data available—which include narrative information on specific conditions, care management programs, and population health initiatives. These reports track how many enrollees participate in these programs versus those who do not, alongside measures of effectiveness such as estimated reductions in claims, utilization, and overall savings. The targeted population health goals remain consistent and include diabetes, behavioral health, asthma, pregnancy/childbirth, and heart disease.

Next, Ms. Lane noted that adults aged 55 to 64 continue to be the largest demographic triggering SRP payments by both number of people and total payment amounts. By analyzing the most frequent and highest-cost Hierarchical Condition Categories (HCCs), the MHBE can identify targeted opportunities for cost containment.

Next, Ms. Lane outlined upcoming changes to the reporting structure to focus on cost containment. For plan year 2025, the MHBE will shift from a condition-specific method to a broader collection of general care management initiatives across all conditions. Additionally, carriers will be asked to identify their top 10 conditions with potentially preventable costs and will be required to provide a presentation component in future reports to allow for deeper analysis. Ms. Lane also noted that updated instructions and templates for these reports are released annually by the MHBE to reflect evolving data needs.

Public Comment

Ms. Lane welcomed any questions and public comments from the audience. After hearing no questions, she invited Stephanie Klapper to share testimony on behalf of the Maryland Citizens Health Initiative. Ms. Klapper read the following statement.

Maryland Citizens Health Initiative's mission is to advocate for quality, affordable health care for all Marylanders. I'm here today as Deputy Director applauding your leadership in implementing the reinsurance program, which has successfully boosted enrollment by reducing premiums since 2018 and helped make Maryland's premiums 30 to 35% lower than they would be without the program. The reinsurance program as you just presented has helped prevent more than 16,500 Marylanders from losing their health coverage in 2026 and has kept coverage affordable for tens of thousands more, and we believe that continuing the reinsurance program is critical to protecting Marylanders' access to quality affordable health coverage in the wake of federal attacks.

The lower rates created by the reinsurance program also help stretch Maryland state subsidy program dollars further. And so we also thank you for your leadership in implementing the state subsidy program in response to Congress terminating the enhanced premium tax credits. That program is successfully helping tens of thousands of young and/or low-income Marylanders retain their health coverage. And in return, the

young adult parameters in particular are helping to stabilize premiums for all age groups by bringing healthier people into the marketplace. This helps Maryland's reinsurance dollar stretch further, further stabilizing rates for Marylanders over 400% of the federal poverty level.

We believe that retaining both the state subsidy and reinsurance programs is more important than ever as the federal government makes securing quality affordable health coverage more challenging and expensive through H.R.1, federal rules, and the end of enhanced premium tax credits. Healthy individuals may forego costly coverage, placing themselves at financial risk, and further inflating premiums for everyone else. However, the reinsurance and state subsidy programs need state action in order to continue to protect Marylanders.

These programs rely on a 1% insurer assessment, which is set to expire at the end of 2028. And Maryland will need legislation in 2027 to submit a 1332 waiver extension application in time to continue the reinsurance program. Maryland will also need legislation to continue the state subsidy program except for the young adult subsidy beyond plan year 2027.

For the immediate future, we applaud the HSCRC decision to include in the update factor \$100 million to the MHBE special fund for reinsurance and premium subsidies and also applaud the MHBE Board today for approving reinsurance parameters and for setting state subsidy parameters for 2027 that match the state subsidy parameters for 2026. This is great progress. However, Maryland must do more to protect Marylanders' access to coverage. We are therefore proposing five revenue sources for Maryland to enact that can be used to protect Marylanders' access to quality, affordable healthcare and help stabilize rates for all Marylanders.

These are 1) continuing and/or increasing the 1% insurer assessment, 2) authorizing Maryland's Prescription Drug Affordability Board to set upper payment limits for high cost drugs at the level set for those drugs by the federal government as a Medicare maximum fair price, 3) passing the Renew Act which would require large out of state big polluters to pay Maryland billions of dollars to compensate the state for climate change damages including health care costs, 4) ending tax deductions for direct-to-consumer pharmaceutical advertising, and 5) raising the alcohol excise tax.

Together these five proposals would raise hundreds of millions of dollars per year to protect Marylanders' access to health care from federal attacks and stabilize rates for everybody. We are bringing these proposals for consideration by the Health Insurance Coverage Protection Commission and hope that MHBE will support them. Thank you again for this opportunity to comment and for doing everything in your power during these challenging times to protect and improve access to quality, affordable health coverage for all Marylanders.

Comment

Ms. Lane thanked Ms. Klapper for her comment and closed the meeting.