

2024 Young Adult Subsidy Final Parameters

June 20, 2023

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HB 814: Young Adult Subsidy Extension

- Extends Young Adult Subsidy Pilot Program for an additional two years, through 2025
- No other changes from original bill
 - Eligibility parameters established by the Board, within these ranges:
 - 18-40
 - Under 400% FPL and not Medicaid-eligible
 - Funding: Up to \$20M in subsidies may be provided each year

2023 Young Adult Subsidy Program Parameters

Eligibility

- Age: 18-34 (18 or older; younger than 35)
- Income: ≤400% FPL, ineligible for Medicaid
- Enrolled through MHC
- Enrollment cap if projections indicate that budget may be exceeded

Subsidy Design

- Reduce the maximum expected contribution by 2.5% between ages 18 and 30
- For ages 31 to 35, reduce the 2.5% reduction by 0.5% each year
- Subsidy covers the non-EHB portion of premium for recipients with a 0% expected contribution

Expected Contribution (EC) for Benchmark Plan

% FPL	Federal EC	MD Young Adult EC					
		18-30	31	32	33	34	35
		-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	-0.0%
≤150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200	2.00%	0.00%	0.00%	0.50%	1.00%	1.50%	2.00%
250	4.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%
300	6.00%	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%
400	8.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%

2024 Young Adult Subsidy Parameter Options

- Option 1: Continue 2023 Parameters for 2024 (maximum subsidy up to age 30; phase out through age 34)
- Option 2: Extend the maximum subsidy for 2 years, to age 32; phase out through age 36
- Option 3: Extend the maximum subsidy for 3 years, to age 33; phase out through age 37 - **Staff recommendation**

	18-30	31	32	33	34	35	36	37	38
2023 Parameters	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	0.0%	0.0%	0.0%	0.0%
2-Year Expansion	-2.5%	-2.5%	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	0.0%	0.0%
3-Year Expansion	-2.5%	-2.5%	-2.5%	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	0.0%

2024 Young Adult Subsidy Parameter Options - Projected Cost and Enrollment Impact

Scenario	Total Expected Program Cost	Baseline 2024 Enrollment 18-34*	Existing Enrollees Newly Eligible for Subsidy	New Enrollment Due to Subsidy Expansion	Total Subsidy Eligible Enrollment
No Expansion	\$ 13,338,793	43,186	-	-	43,186
2-year Expansion	\$ 16,475,792	43,186	5,090	1,478	49,754
3-year Expansion	\$ 17,924,420	43,186	7,336	2,102	52,624

*Projected 2024 enrollment eligible for the Young Adult Subsidy, assuming no changes to the 2023 eligibility parameters.

Scenario	Baseline 2024 Subsidy PMPM	Additional Subsidy PMPM for Impacted Enrollees
No Expansion	\$ 39.73	\$ -
2-year Expansion	\$ 39.73	\$ 16.29
3-year Expansion	\$ 39.73	\$ 20.72

Timeline and Public Comments

- May 15: Board voted on proposed 2024 parameters
- May 15-June 9: Public comment period - two comments received.
 - Kaiser Permanente: *“Kaiser Permanente (KP) supports the staff recommendation [...]. KP agrees that this approach maximizes the potential impact in the remaining years of the pilot program and increases affordability for individuals losing Medicaid eligibility.”*
 - Maryland Health Care For All: *“we applaud the MHBE Board’s recommendation to approve option 3 [...]. Extending the maximum subsidy for three years to age 33 and phasing out through age 37 is projected to result in over 2,000 newly insured young adults, while still remaining within the budget allocated by the Maryland General Assembly.”*
- June 20: Board votes on final 2024 parameters

Request to Approve Final 2023 Young Adult Subsidy Program Parameters

MOTION: I move to approve option [1, 2, or 3] as the final 2024 young adult premium subsidy parameters [as presented] *or* [as amended].

Appendix

The background features a teal color with a central graphic of four overlapping, light blue, petal-like shapes arranged in a cross pattern, resembling a stylized flower or a four-leaf clover.

2022 Impact - Preliminary Analysis

- Growth in young adult enrollment **increased about 11% year-over-year.**¹
- Households receiving the subsidy were **more likely to effectuate coverage** (87% vs. 83%).
- Young adults were **less likely to drop coverage.**
- The state subsidy **reduced average household premiums by 34%** (from \$106 to \$70 per month).
- Young Adult Subsidy recipients were **more likely to be Hispanic** (14% vs. 9%), **Black/African American** (22% vs. 16%), and **female** (57% vs. 54%).

¹ MHBE analysis of change in effectuated young adult enrollment comparing January 31, 2022; January 31, 2021, and January 31, 2020. Year-over-year increase in young adult enrollment in 2021 was 0.6%.

² MHBE analysis of change in lapsed enrollment as of December 31, 2022; December 31, 2021; and December 31, 2020.

³ MHBE analysis of average premiums net of federal Advance Premium Tax Credits.

Current Program Status - Plan Year 2023

Total Auto Renewed Enrollees	Total New Enrollment	Average Subsidy PMPM	Estimated Subsidy Cost
25,092	16,997	\$39.59	\$13,161,079

Data as of May 8, 2023

Considerations

- Retaining the 2023 parameters is the most conservative approach, minimizing expenditures and the possibility of exceeding the \$20M annual spending cap.
- Expanding the subsidy:
 - increases affordability for individuals losing Medicaid eligibility
 - allows the exchange to study the impact of state subsidy on enrollment in a steady state environment
 - maximizes the potential impact in the remaining years of the pilot program, providing the legislature with additional information on the impact of the subsidy
- HB413 report to the legislature, due in December, will discuss future reinsurance parameters, funding, and how to increase affordability in the individual market

Sample Premiums for a 33-year-old in Each Scenario

Example Premiums: 33-year-old in Baltimore City, 2023 Benchmark Silver Plan					
% FPL	Annual Pre-Tax Income	No YA Subsidy	2023 Parameters	2-year Expansion	3-Year Expansion
150	\$ 20,385	\$3	\$0	\$0	\$0
200	\$ 27,180	\$45	\$23	\$0	\$0
250	\$ 33,975	\$113	\$85	\$57	\$42
300	\$ 40,770	\$204	\$170	\$136	\$119
400	\$ 54,360	\$312	\$312	\$294	\$272

Reinsurance Updates

- Preliminary 2022 cost is 2.4% (\$13M) **lower** than projected (\$507M instead of \$520M).
- Final 2023 federal funding is 7.7% (\$34M) **higher** than projected (\$473M instead of \$439M)
- MHBE will present updated reinsurance projections to the Board in July