

Final 2026 State Subsidy and Reinsurance Parameters

Johanna Fabian-Marks, Deputy Executive Director
July 21, 2025

Background (1/3)

- Enhanced federal tax credits, which have reduced net premiums and boosted enrollment since 2021, will expire at the end of 2025 unless Congress acts
- Unless Congress acts, enrollment will decline in 2026 due to reduced affordability:
 - 190,000 MHC consumers will lose some or all financial support
 - Premiums estimated to increase by an average 68% for tax credit-eligible consumers
- [HB 1082](#) requires MHBE to establish a State-Based Individual Subsidy Program to mitigate enrollment losses and stabilize market in PYs 2026-2027
 - Contingency language: if Congress extends enhanced subsidies, no state-based subsidy

Background (2/3)

- All three of the state's affordability programs (Reinsurance, Young Adult Subsidy, Individual Subsidy) use the same funding source, the state premium assessment. Young adult subsidy would be discontinued or included in broader individual subsidy.
- State funds are insufficient to fully replace lost enhanced tax credits (would cost \$209 million/year gross), so MHBE's actuarial consultants have modeled several partial replacement options.

Background (3/3)

- On July 4, the president signed H.B. 1, which includes provisions limiting eligibility for premium tax credits for lawfully present immigrants
 - Effective Jan. 1, 2026: Lawfully present immigrants <100% FPL and ineligible for Medicaid due to 5-year bar no longer eligible for APTC
 - Effective Jan. 1, 2027: Lawfully present immigrants **no longer eligible** for APTC except for lawful permanent residents (“LPR” a.k.a. green card holders), certain Cuban or Haitian entrants, and Compact of Free Association (COFA) migrants at 100-400% FPL
 - Denies assistance to groups such as refugees, asylees, and victims of human trafficking
- **Estimated cost** to replace APTC for the group losing APTC in 2026 (lawfully present immigrants under <100% FPL and ineligible for Medicaid due to 5-year bar): **up to \$154 million per year**
 - This is not included in subsidy parameter modeling

The background of the slide features a pattern of overlapping circles in two shades of teal. The circles are arranged in a way that creates a central area where multiple circles overlap, with the overlapping areas appearing as a darker shade of teal. The overall effect is a modern, geometric design.

2026 State Subsidy Parameters

Priorities for Subsidy Design

(As set forth in HB 1082 / Md. Ins. Art., §31-125(D))

- Mitigate reduction in federal tax credits
- Maximize enrollment in the individual market
- Consider state funds necessary to ensure the State Reinsurance Program continues to provide market stability through CY2028
- Account for uncertainties in enrollment in Medicaid, the individual market, and small group market due to changes in state and federal regulation and funding

2025 Federal Poverty Level (FPL) Income Thresholds

Household Size	200% FPL	300% FPL	400% FPL
1 person	\$31,300	\$46,950	\$62,600
4 people	\$64,300	\$96,450	\$128,600

Potentially Impacted Enrollees: Currently APTC Eligible Under ARPA

Projected 2026 Subsidy Replacement Enrollment (APTC Eligible w ARPA)

Age Band/FPL	<150%	150-200%	200-250%	250-300%	300-400%	400+%
0-17	488	555	555	674	3,045	-
18-25	3,023	4,748	3,425	2,352	2,220	142
26-34	6,518	8,121	5,830	4,040	1,534	27
35-44	7,756	7,951	5,271	3,551	3,700	160
45-54	7,382	8,673	6,470	4,677	4,677	335
55-64	8,584	11,595	8,705	7,016	7,962	12,135
65+	8,433	785	440	299	184	9,205
Total	42,184	42,427	30,697	22,609	23,322	22,003

Considerations

1. Market impacts

- Impact on net premiums
- Impact on enrollment
- Impact on silver loading

2. Subsidy program cost

3. State Reinsurance Program and Fund impacts

- Impact on reinsurance cost
- Impact on pass through
- SRP fund balance

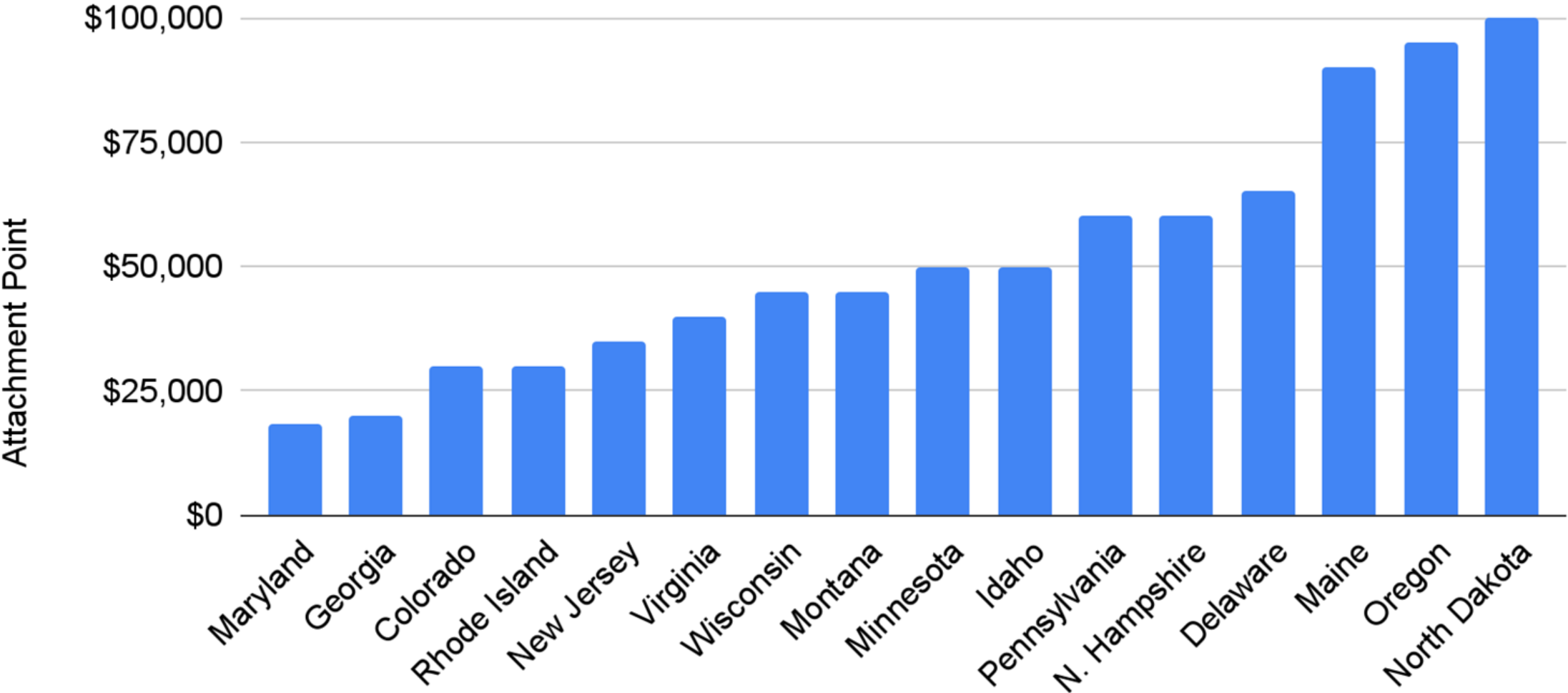
Reinsurance Program Parameters Refresher

The state reinsurance program (SRP) has three key parameters governing the total amount of claims that the program covers in the individual market:

- 1) Attachment point (AP): annual claim level (for an individual) above which SRP reimbursements start
 - Each \$1,000 increase in the AP is projected to increase rates by ~0.6%
 - Increasing from 22k to 30k = ~5% increase
- 2) Cap: claim level at which SRP reimbursements stop and insurer bears full cost of claims
- 3) Coinsurance rate: percent of claims covered by SRP between attachment point and cap

Parameters	Final 2019-2022	Final 2023	Final 2024	Final 2025	Estimated 2026 (as of Feb 2025)
Attachment Point	\$20,000	\$18,500	\$20,000	\$21,000	\$22,000
Coinsurance Rate	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	0.760-0.805	0.840	0.850	0.850	TBD

2023 Attachment Points - State Comparison



Modeled Scenarios

1. **No state subsidy replaces the enhanced APTC (eAPTC)**
2. **State subsidy fully replaces eAPTC and**
 - a. No change to planned attachment point (\$22k)
 - b. Increase attachment point to \$30k
 - c. Increase attachment point to \$40k
 - d. Replace 75% of eAPTC for all recipients; attachment point to \$30k
3. **Fully replace eAPTC up to 200% FPL, phase out subsidy to 250% FPL, no state subsidy above 250% FPL**
4. **Fully replace eAPTC up to 200% FPL, phase out subsidy to 250% FPL, 50% replacement of eAPTC 250%-400% FPL and**
 - a. **[A1] No change to planned attachment point (\$22k) + maintain Young Adult Subsidy**
 - b. Increase attachment point to \$30k
 - c. Provide eAPTC to >400% FPL, no change to planned attachment point (\$22k)
 - d. Provide eAPTC to >400% FPL, increase attachment point to \$30k
 - e. **[A3] Provide eAPTC to >400% FPL, increase attachment point to \$30k + maintain YAS**

*Scenarios 2-4 include covering non-EHB premium for all enrollees with a 0% expected contribution

Premium Tax Credit Expected Contribution for Benchmark Plan with and without eAPTC & for each subsidy option

Federal Poverty Level	eAPTC Continue	eAPTC Expiration ¹⁰	State Subsidy A1	State Subsidy A2 & A3
0%-138%	0.0%	2.0%	0.0%	0.0%
138%-150%	0.0%	3.5%	0.0%	0.0%
150%-200%	1.0%	5.1%	1.0%	1.0%
200%-250%	3.0%	7.1%	4.0%	4.0%
250%-300%	5.0%	8.7%	6.9%	6.9%
300%-400%	7.3%	9.4%	8.3%	8.3%
400%+	8.5%	N/A	N/A	11.0% ¹¹

Source: Lewis & Ellis 2025 Draft Report for the State Reinsurance Program

10 Was estimated using 2025 IRS guidance regarding the Employer Sponsored Insurance affordability percentage.

11 Only a small subset of the 400%+ FPL population will be eligible for state subsidies. The value provided represents the best estimate of those expected to receive a subsidy.

Notes: All three subsidies were modeled to cover the non-EHB portion of premium for members with a 0% required contribution because of the subsidy, and the 0.0% required contribution includes the impact of the Young Adult Subsidy Program for applicable scenarios.

The Young Adult Subsidy present in A1 and A3 reduces the applicable percentages shown by 2.5% for ages 18-33, phasing out by 0.5% until age 37 for those under 400% FPL.

2024-25 Young Adult Subsidy Program Parameters

Eligibility

- Age: 18-37 (18 or older; younger than 38)
- 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 33
- For ages 34 to 37, 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					
		18-33	34	35	36	37	38
		-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%

2026 State-Based Subsidy Parameters – Scenarios for Discussion

State Subsidy Description		Reinsurance Attachment Point (2026)	2026 Program Cost (M)	2026 Net Cost (M)	2026 Total Ind. Market Enrollment (000s)	Enrollment decline relative to 2025	Net Funding EOY 2027 (M)	Net Funding EOY 2028 (M)
	No replacement	\$22k	n/a	n/a	243	25%	\$154	\$4
	Full replacement	\$22k	\$209	\$144	312	n/a	(\$140)	(\$327)
A1	Full to 200, phase to 250, 50% 250-400 + YAS	\$22k	\$131	\$57	302	7%	\$40	(\$132)
A3	Full to 200, phase to 250, 50% >250 + YAS	\$30k	\$147	\$43	301	7%	\$68	(\$52)

Potential Rate Impact of State Subsidy Scenarios

EXHIBIT 1: 2026 MARYLAND ACA INDIVIDUAL MARKET RATE FILING SUMMARY									
Legal Entity	Network Type	Members On & Off Exchange 4/30/2024	Members On & Off Exchange 4/30/2025	Unsubsidized Enrollment	% Unsubsidized	Filed 2026 Average Rate Change	If ARPA Extends 2026 Average Rate Change	Estimated A1 Rate Changes Average Rate Change	Estimated A3 Rate Changes Average Rate Change
CareFirst BlueChoice	HMO	131,569	126,167	63,842	50.6%	18.7%	5.0%	8.4%	19.2%
CareFirst GHMSI	PPO	7,931	8,871	7,039	79.3%	14.2%	6.1%	8.1%	21.8%
CareFirst CFMI	PPO	11,505	13,401	9,849	73.5%	14.2%	6.1%	8.1%	21.8%
Kaiser	HMO	58,381	50,959	10,654	20.9%	12.0%	7.0%	8.3%	13.1%
Optimum Choice (UHC)	HMO	57,275	91,134	13,293	14.6%	18.6%	12.8%	13.7%	18.2%
Aetna Health Inc.	HMO	2,074	4,939	N/A		N/A	N/A	N/A	N/A
Wellpoint Maryland, Inc.	HMO	0	1,090	N/A		8.1%	6.6%	7.0%	8.1%
TOTAL		268,735	296,561	104,677	35.3%	17.1%	7.9%	10.0%	18.0%

Projected Net Premium Increase for Single Enrollee

Baseline: Enhanced Tax Credits and Young Adult Subsidy Expire, NO State Subsidies

Per Member Per Year

Age Band/FPL	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	\$ 206	\$ 770	\$ 1,136	\$ 1,491	\$ 1,001	\$ 458	\$ 458	\$ 458
18-25	\$ 206	\$ 770	\$ 1,400	\$ 2,276	\$ 2,742	\$ 1,999	\$ 573	\$ 573
26-34	\$ 206	\$ 770	\$ 1,399	\$ 2,106	\$ 2,489	\$ 1,677	\$ 663	\$ 663
35-44	\$ 206	\$ 770	\$ 1,136	\$ 1,491	\$ 1,678	\$ 1,238	\$ 754	\$ 754
45-54	\$ 206	\$ 770	\$ 1,136	\$ 1,491	\$ 1,678	\$ 1,344	\$ 1,033	\$ 1,033
55-64	\$ 206	\$ 770	\$ 1,136	\$ 1,491	\$ 1,678	\$ 1,344	\$ 4,028	\$ 1,553
65+	\$ 206	\$ 770	\$ 1,136	\$ 1,491	\$ 1,678	\$ 1,344	\$ 5,405	\$ 1,758

As % of Income

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	2.0%	3.5%	4.1%	4.1%	2.1%	0.6%	0.5%	0.2%
18-25	2.0%	3.5%	5.1%	6.4%	6.3%	3.5%	0.6%	0.3%
26-34	2.0%	3.5%	5.1%	5.9%	5.7%	2.9%	0.7%	0.3%
35-44	2.0%	3.5%	4.1%	4.1%	3.7%	2.0%	0.7%	0.3%
45-54	2.0%	3.5%	4.1%	4.1%	3.7%	2.2%	1.0%	0.5%
55-64	2.0%	3.5%	4.1%	4.1%	3.7%	2.2%	4.8%	0.7%
65+	2.0%	3.5%	4.1%	4.1%	3.7%	2.2%	6.6%	0.8%

Projected Net Premium Increase for Single Enrollee

A1 - Full Replacement to 200, Phase 200-250, Half 250%-400%, YA Subsidy

Per Member Per Year

Age Band/FPL	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 366	\$ 366	\$ 366
18-25	\$ -	\$ -	\$ -	\$ 391	\$ 864	\$ 437	\$ 459	\$ 459
26-34	\$ -	\$ -	\$ 6	\$ 393	\$ 867	\$ 515	\$ 530	\$ 530
35-44	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 603	\$ 603
45-54	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 826	\$ 826
55-64	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 3,717	\$ 1,243
65+	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 5,053	\$ 1,407

As % of Income

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	0.0%	0.0%	0.0%	1.0%	1.9%	0.5%	0.3%	0.2%
18-25	0.0%	0.0%	0.0%	1.1%	1.9%	0.7%	0.4%	0.2%
26-34	0.0%	0.0%	0.0%	1.1%	1.9%	0.7%	0.5%	0.2%
35-44	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	0.6%	0.3%
45-54	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	0.8%	0.3%
55-64	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	4.4%	0.5%
65+	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	6.1%	0.6%

Projected Net Premium Increase for Single Enrollee

A3 - Full Replacement to 200, Phase 200-250, Half 250%+/\$30,000 AP w/YAS

Per Member Per Year										
Age Band/FPL	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+		
0-17	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 598	\$ 598	\$ 598		
18-25	\$ -	\$ -	\$ -	\$ 391	\$ 864	\$ 729	\$ 750	\$ 750		
26-34	\$ -	\$ -	\$ 6	\$ 393	\$ 867	\$ 765	\$ 867	\$ 867		
35-44	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 985	\$ 985		
45-54	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 1,351	\$ 1,351		
55-64	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 2,985	\$ 2,031		
65+	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 3,706	\$ 2,299		

As % of Income

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+		
0-17	0.0%	0.0%	0.0%	1.0%	1.9%	0.9%	0.6%	0.3%		
18-25	0.0%	0.0%	0.0%	1.1%	1.9%	1.2%	0.8%	0.4%		
26-34	0.0%	0.0%	0.0%	1.1%	1.9%	1.2%	0.9%	0.4%		
35-44	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	1.0%	0.5%		
45-54	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	1.4%	0.7%		
55-64	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	3.5%	1.0%		
65+	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	4.4%	1.1%		

Projected Net Premium Increase for Single Enrollee A3 Compared to A1

Projected Net Premium Increase PMPY

Age Band/FPL	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232	\$ 232	\$ 232
18-25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291	\$ 291	\$ 291
26-34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 337	\$ 337
35-44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383	\$ 383
45-54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525	\$ 525
55-64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (732)	\$ 789
65+	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ -	\$ (1,348)	\$ 893

Projected Net Premium Increase as % of Income

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%	0.1%
18-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.4%	0.2%
26-34	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.4%	0.2%
35-44	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.2%
45-54	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.3%
55-64	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.9%	0.5%
65+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.7%	0.5%

A1 - Enrollment Loss Estimates

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	-	-	-	(59)	(71)	(314)	(128)	(385)	(957)
18-25	-	-	-	(184)	(249)	(164)	(68)	(903)	(1,568)
26-34	-	-	-	(613)	(427)	(249)	(103)	(1,243)	(2,635)
35-44	-	-	-	(558)	(376)	(391)	(182)	(1,184)	(2,691)
45-54	-	-	-	(684)	(495)	(495)	(343)	(1,097)	(3,114)
55-64	-	-	-	(921)	(742)	(842)	(2,871)	(3,940)	(9,317)
65+	-	-	-	(47)	(32)	(19)	(54)	(3,627)	(3,778)
				(3,064)	(2,392)	(2,475)	(3,749)	(12,380)	(24,060)

A3 - Enrollment Loss Estimates

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	-	-	-	(59)	(71)	(333)	(215)	(385)	(1,063)
18-25	-	-	-	(184)	(249)	(185)	(68)	(903)	(1,589)
26-34	-	-	-	(613)	(427)	(372)	(105)	(1,243)	(2,760)
35-44	-	-	-	(558)	(376)	(391)	(263)	(1,574)	(3,162)
45-54	-	-	-	(684)	(495)	(495)	(408)	(1,458)	(3,539)
55-64	-	-	-	(921)	(742)	(842)	(2,325)	(4,334)	(9,165)
65+	-	-	-	(47)	(32)	(19)	(45)	(3,387)	(3,530)
	-	-	-	(3,064)	(2,392)	(2,638)	(3,427)	(13,285)	(24,807)

Public Comment (1/2)

Shared all options for comment June 6 - July 3, 2025 (with the exception of A3, which was developed in response to feedback)

Commenter	Comment
CareFirst	Prefer 4a [A1] and 4c because of the \$22,000 attachment point, progressive support across income brackets, and modest impact to enrollment. Don't support raising the attachment point because of the disproportionate impact to carriers.
Kaiser Permanente	Continue the Young Adult Subsidy like in 4a [A1] is good for the risk pool but that an increase to the attachment point (to \$30,000) and less generous replacement to those over 400% would help balance that fiscal impact. Alternatively, 4d [A2] is best for being "fiscally prudent" and equitable while mitigating enrollment declines.
United	Prefer 2c or 4d [A2] and support raising AP as much as necessary to fully replace lost eAPTC or replace as much as possible to maximize enrollment and market stability. They believe this tradeoff would have a smaller impact on rates than allowing low income members to lose coverage due to lost eAPTC.

Public Comment (2/2)

Commenter	Comment
Maryland Citizens' Health Initiative	Incorporate the full Young Adult Subsidy (YAS) to promote market stability and health equity. Work to increase the provider assessment in the future to generate funding.
Health economists: Coleman Drake, PhD (U of Pittsburgh); Mark Meiselbach, PhD & Daniel Polsky, PhD (Johns Hopkins)	Target low-income enrollees (<200%FPL) because it is most cost effective; do not extend YAS; consider supplemental cost-sharing to lowest income enrollees; keep in mind that proposed federal policies will further reduce enrollment, that reinsurance has affordability tradeoffs, and that certain subsidy designs are more effective at generating federal pass-through (especially targeting to low-income)
Individual (Mukta Bain)	Preserve the Young Adult Subsidy because of the impact to the risk pool. Widespread support for the Young Adult Subsidy evident from the passage of bill making it permanent in 2025 Session

Request for Approval of Final PY2026 State Subsidy Parameters

MOTION: I move to [approve/defer/reject] [Option A1/Option A3] as the final parameters for the State Subsidy Program for PY2026 [as presented] or [as amended].

Option A1:

- Fully replace eAPTC up to 200% FPL;
- Phase out subsidy to 250% FPL;
- 50% replacement of eAPTC **250%-400% FPL**;
- Maintain 2025 Young Adult Subsidy parameters

To be included in Reinsurance motion: No change to planned attachment point (\$22k)

Option A3:

- Fully replace eAPTC up to 200% FPL;
- Phase out subsidy to 250% FPL;
- 50% replacement of eAPTC **at and above 250% FPL**;
- Maintain 2025 Young Adult Subsidy parameters

To be included in Reinsurance motion: Increase attachment point to \$30k

The background of the slide features a pattern of overlapping circles in various shades of teal and blue, creating a stylized, floral-like effect. The circles are arranged in a way that they overlap significantly, with some appearing more prominent than others.

2026 Final State Reinsurance Program Parameters

SRP Parameters - Regulatory Requirements

COMAR 14.35.17.04

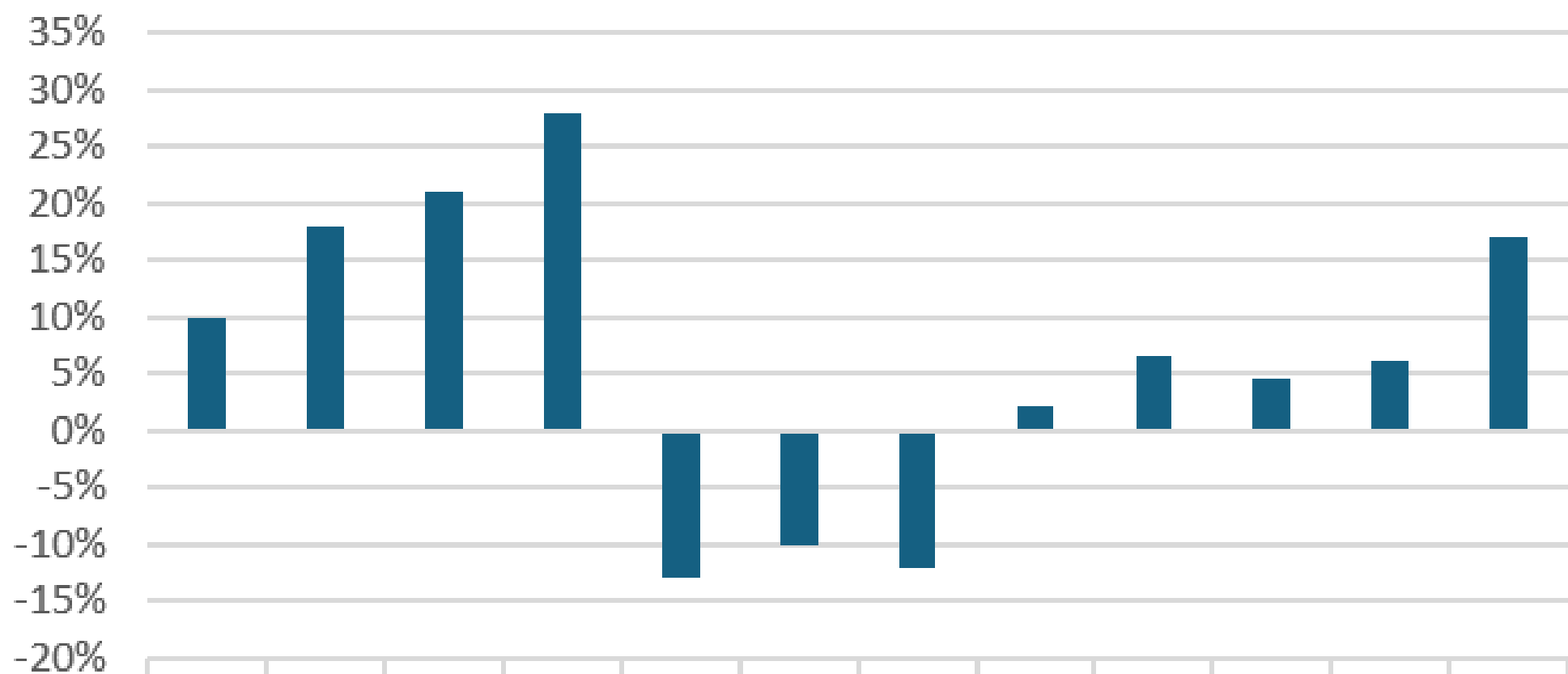
B. Each year the Board shall set the payment parameters for the State Reinsurance Program by determining the following factors:

- (1) An attachment point;
- (2) A coinsurance rate;
- (3) A reinsurance cap; and
- (4) A market-level dampening factor provided by the Commissioner, if determined necessary by the Board.

Key Terms

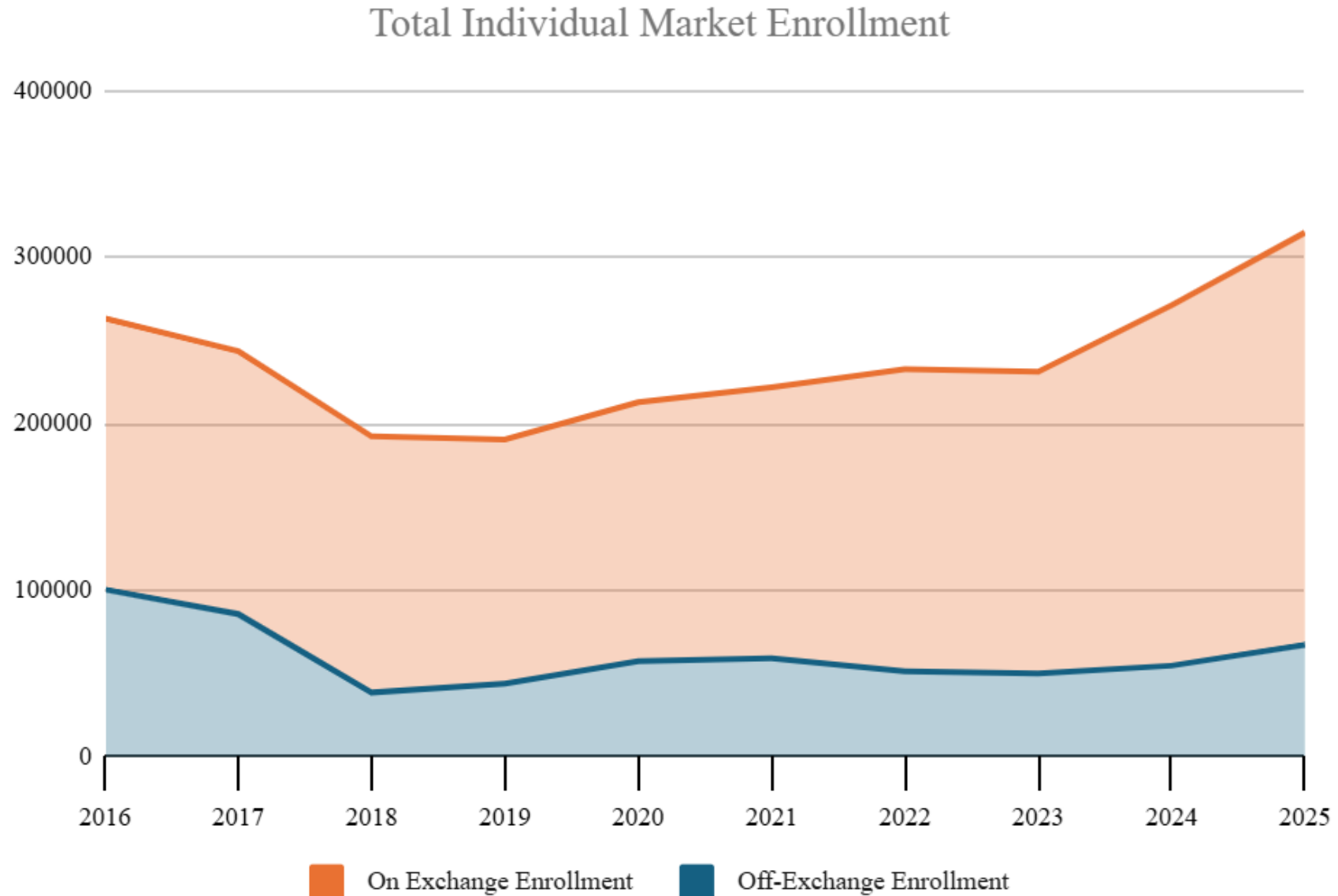
- The State Reinsurance Program reimburses insurers for a portion of their claims costs. Lower costs allow carriers to charge lower premiums, and rates are now more than 20% lower than they were before reinsurance.
- When an enrollee's claims costs exceed a certain amount, called the attachment point, reinsurance begins reimbursing the carrier for a portion of claims costs
- The portion of claims costs reimbursed by the reinsurance program is called the coinsurance rate
- Reinsurance stops reimbursing the carrier for claims costs once they exceed a certain dollar figure, called the reinsurance cap

Individual Market Premium Change, 2015 - 2026



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (proposed)
■ Rate Change	10%	18%	21%	28%	-13%	-10%	-12%	2.1%	6.6%	4.7%	6.2%	17.1%

Total Individual Market Enrollment 2014-2025



Calendar Year 2025 SRP Key Dates

February 18, 2025	MHBE Board	Set estimated 2026 SRP parameters.
Spring 2025	CMS	Publish estimated and final 2025 pass-through funding
May 19, 2025	MIA	2026 Rate Filing Deadline
May 2025	MIA CMS MHBE Policy	Proposed 2026 rates due Shares unadjusted 2024 SRP carrier payment amounts Carriers submit 2024 and emerging 2025 data
June 30, 2025	MHBE Policy	2024 Carrier SRP Accountability Reports due
Early July 2025	MHBE Policy	Finalize recommended 2026 SRP parameters
July 21, 2025	MHBE Board	Set final 2025 SRP parameters.
Mid-August – Early September	MIA	2026 rates finalized
September 2025	MHBE	Issuers receive SRP payments for 2024 claims experience

Final 2026 SRP Parameters

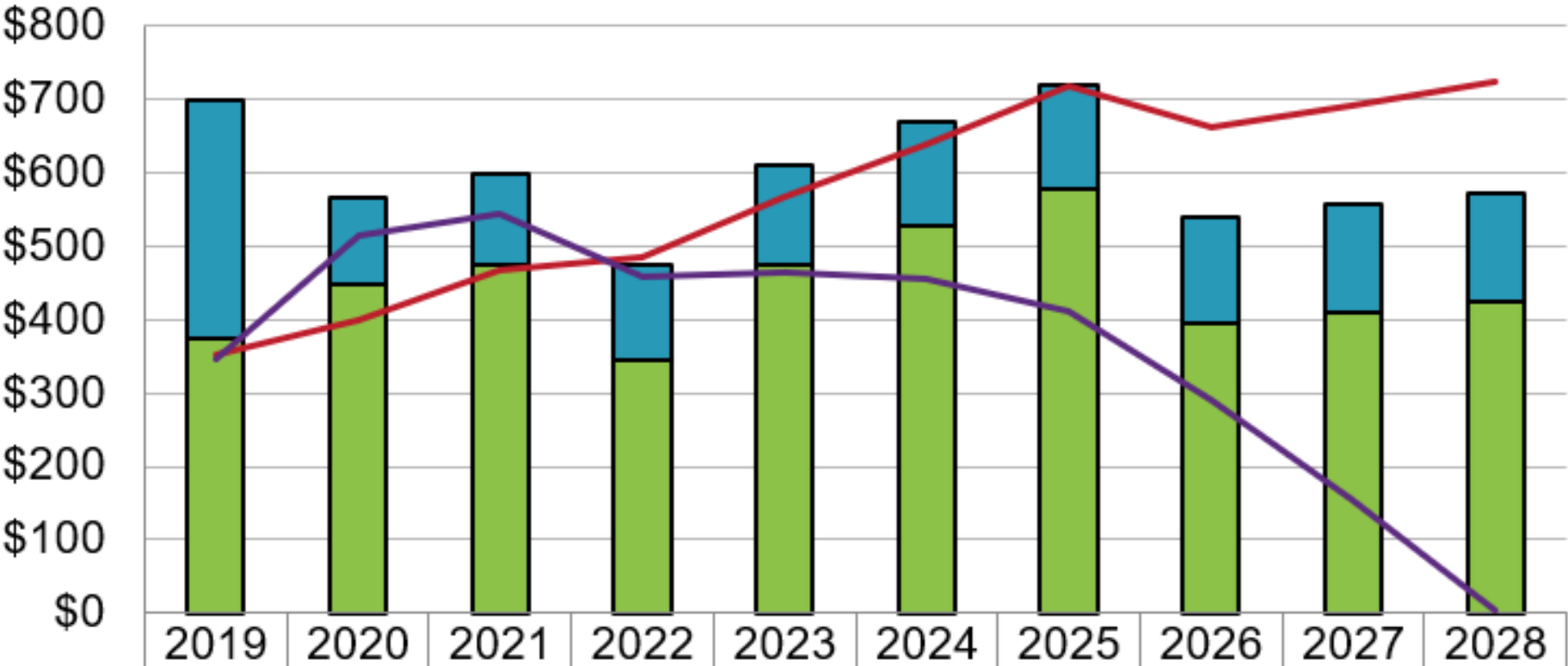
- In February, the Board set estimated parameters with an attachment point (AP) of \$22,000
- The Board must now finalize the attachment point, which is tied to the subsidy parameters selected.
- MHBE staff recommend maintaining the coinsurance rate of 80% and cap of \$250,000.
- MHBE staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019-2022	Final 2023	Final 2024	Final 2025	Estimated 2026 (as of Feb 2025)
Attachment Point	\$20,000	\$18,500	\$20,000	\$21,000	\$22,000
Coinsurance Rate	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	0.760-0.805	0.840	0.850	0.850	TBD

2025 - 2028 SRP Fund Balance

	2025	2026	2027	2028
eAPTC Expiration	\$411,947,581	\$289,648,472	\$153,941,687	\$4,339,728
State Subsidy Option A1	\$411,947,581	\$232,724,354	\$43,444,658	\$(120,389,728)
State Subsidy Option A3	\$411,947,581	\$246,902,232	\$67,892,923	\$(52,487,432)

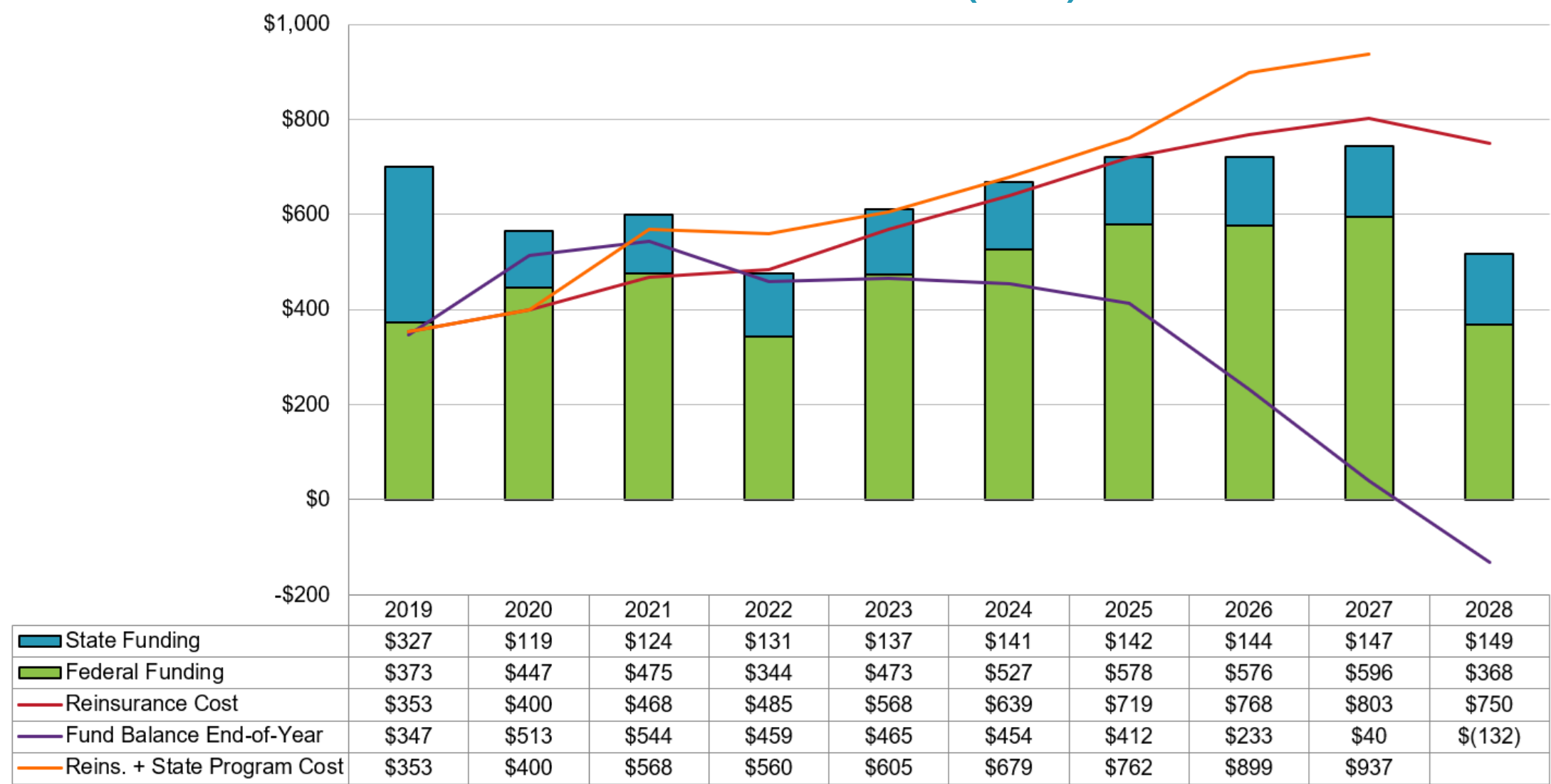
July 2025 Funding Projections - 2026 Attachment Point of \$22k, no eAPTC replacement



State Funding	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Federal Funding	\$327	\$119	\$124	\$131	\$137	\$141	\$142	\$144	\$147	\$149
Reinsurance Cost	\$373	\$447	\$475	\$344	\$473	\$527	\$578	\$396	\$409	\$424
Fund Balance End-of-Year	\$353	\$400	\$468	\$485	\$568	\$639	\$719	\$662	\$692	\$723
	\$347	\$513	\$544	\$459	\$465	\$454	\$412	\$290	\$154	\$4

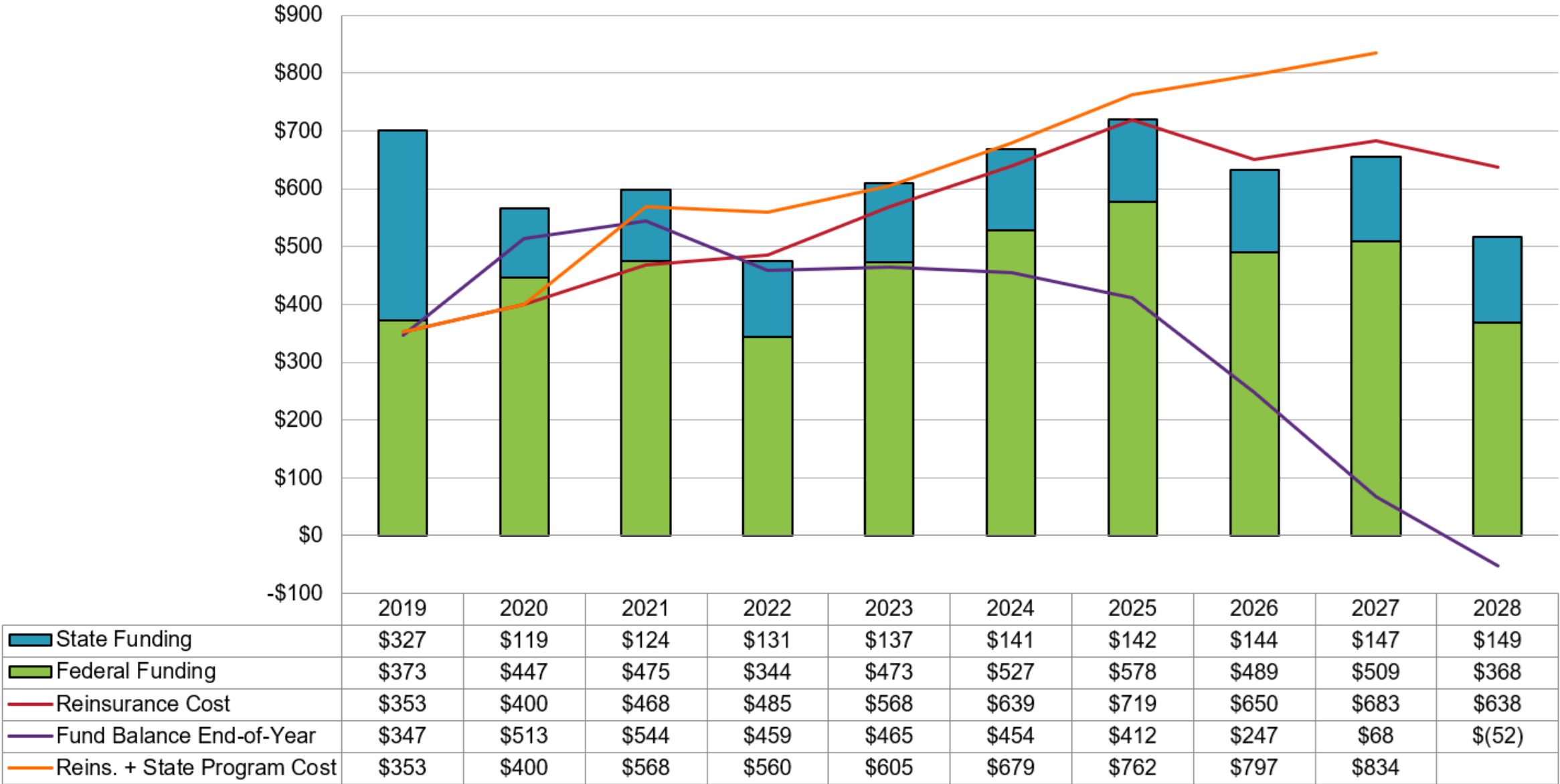
July 2025 Funding Projections

2026 Attachment Point of \$22k (A1)



July 2025 Funding Projections

2026 Attachment Point of \$30k (A3)



Public Comments

- Comments accepted March 5, 2025 through April 7, 2025
- One commenter: Kaiser Permanente
 - Support annual increases to the attachment point of \$2,000 - \$5,000 to be closer to other states' and to devote funds to state subsidy or other affordability programs
 - Implement incentive-based quality performance program tying reimbursement to targets on HEDIS measures

Request to Approve Final PY2026 State Reinsurance Program Parameters

MOTION: I move to [approve/defer/reject] the following parameters to be the final PY2026 parameters for the State Reinsurance Program, [as presented] or [as amended]:

- An attachment point of [\$22,000 OR \$30,000 (*Board to determine based on State Subsidy Parameters*)]
- A coinsurance rate of 80%;
- A reinsurance cap of \$250,000; and
- A dampening factor, to be determined by the Insurance Commissioner.

Appendix



Age Distribution of and Cost to Replace APTC for Lawfully Present Enrollees with Incomes <100% FPL by Age

Age Band	2026 APTC Per Member Per Year (PMPY)	# Enrollees	Cost to Replace APTC for One Year
0-17	\$2,900	34	\$98,600
18-25	\$3,600	1,331	\$4,791,600
26-34	\$4,200	2,761	\$11,596,200
35-44	\$4,800	3,520	\$16,896,000
45-54	\$6,700	2,848	\$19,081,600
55-64	\$10,200	2,876	\$29,335,200
65+	\$11,600	6,211	\$72,047,600
TOTAL		19,581	\$153,846,800

Md. Ins. Art., §31-125

(A) IN THIS SECTION, “PROGRAM” MEANS THE STATE–BASED HEALTH INSURANCE SUBSIDIES PROGRAM.

(B) THE EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER AND AS APPROVED BY THE BOARD, SHALL ESTABLISH AND IMPLEMENT A STATE–BASED HEALTH INSURANCE SUBSIDIES PROGRAM TO PROVIDE SUBSIDIES TO INDIVIDUALS FOR THE PURCHASE OF HEALTH BENEFIT PLANS IN THE INDIVIDUAL HEALTH INSURANCE MARKET.

(C) THE PROGRAM REQUIRED UNDER THIS SECTION SHALL BE DESIGNED TO:

(1) MAINTAIN AFFORDABILITY FOR INDIVIDUALS PURCHASING HEALTH BENEFIT PLANS THROUGH THE EXCHANGE;
AND

(2) TARGET INDIVIDUALS WHO EXPERIENCE AN INCREASE IN THE APPLICABLE PERCENTAGES ESTABLISHED UNDER 26 U.S.C. § 36B(B)(3)(A)(III) FOR PREMIUMS BASED ON HOUSEHOLD INCOME IN CALENDAR YEARS 2026 AND 2027, AS COMPARED TO THE APPLICABLE PERCENTAGES IN PLACE FOR CALENDAR YEAR 2025.

(D) SUBJECT TO AVAILABLE FUNDS, FOR CALENDAR YEARS 2026 AND 2027, THE EXCHANGE, IN CONSULTATION WITH THE COMMISSIONER AND AS APPROVED BY THE BOARD, SHALL ESTABLISH SUBSIDY ELIGIBILITY AND PAYMENT PARAMETERS FOR THE PROGRAM THAT:

(1) MITIGATE A REDUCTION IN ADVANCE PREMIUM TAX CREDITS BECAUSE OF CHANGES IN THE APPLICABLE PERCENTAGES DESCRIBED IN SUBSECTION (C)(2) OF THIS SECTION; AND

(2) MAXIMIZE ENROLLMENT IN THE INDIVIDUAL MARKET;

(3) TAKE INTO CONSIDERATION STATE FUNDS NEEDED TO ENSURE THE STATE REINSURANCE PROGRAM CONTINUES TO PROVIDE MARKET STABILITY THROUGH CALENDAR YEAR 2028; AND

(4) TAKE INTO CONSIDERATION UNCERTAINTIES IN ENROLLMENT IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM, THE INDIVIDUAL MARKET, AND THE SMALL GROUP MARKET DUE TO CHANGES IN STATE AND FEDERAL REGULATION AND FUNDING.

(E) IN FISCAL YEARS 2026 THROUGH 2028, THE EXCHANGE MAY DESIGNATE FUNDS FROM THE FUND TO BE USED FOR THE PROGRAM.

(F) THE EXCHANGE SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

Enrollment Loss Estimates - No ARPA, no subsidy

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	(40)	(44)	(294)	(294)	(283)	(891)	(173)	-	(2,019)
18-25	(215)	(419)	(3,013)	(2,746)	(2,050)	(1,997)	(15)	-	(10,456)
26-34	(462)	(910)	(5,154)	(3,849)	(2,711)	(1,788)	(14)	-	(14,888)
35-44	(618)	(809)	(4,205)	(2,788)	(1,503)	(906)	(100)	-	(10,929)
45-54	(568)	(853)	(4,587)	(3,422)	(1,979)	(1,484)	(456)	(721)	(14,071)
55-64	(614)	(1,177)	(6,133)	(4,604)	(2,969)	(2,527)	(2,871)	(4,709)	(25,603)
65+	(861)	(123)	(415)	(233)	(127)	(58)	(54)	(3,383)	(5,254)
	(3,378)	(4,336)	(23,802)	(17,935)	(11,620)	(9,652)	(3,683)	(8,813)	(83,220)

Enrollment Loss Estimates: Option 4a (“A1” in L&E Report)

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	-	-	-	(59)	(71)	(314)	(128)	(385)	(957)
18-25	-	-	-	(184)	(249)	(164)	(68)	(903)	(1,568)
26-34	-	-	-	(613)	(427)	(249)	(103)	(1,243)	(2,635)
35-44	-	-	-	(558)	(376)	(391)	(182)	(1,184)	(2,691)
45-54	-	-	-	(684)	(495)	(495)	(343)	(1,097)	(3,114)
55-64	-	-	-	(921)	(742)	(842)	(2,871)	(3,940)	(9,317)
65+	-	-	-	(47)	(32)	(19)	(54)	(3,627)	(3,778)
				(3,064)	(2,392)	(2,475)	(3,749)	(12,380)	(24,060)

Enrollment Loss Estimates: Option 4d (“A2” in L&E report)

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	-	-	-	(59)	(71)	(333)	(215)	(385)	(1,063)
18-25	-	-	(502)	(1,659)	(1,552)	(1,762)	(68)	(903)	(6,447)
26-34	-	-	(534)	(1,998)	(1,856)	(1,710)	(105)	(1,243)	(7,448)
35-44	-	-	-	(558)	(376)	(391)	(263)	(1,574)	(3,162)
45-54	-	-	-	(684)	(495)	(495)	(408)	(1,458)	(3,539)
55-64	-	-	-	(921)	(742)	(842)	(2,325)	(4,334)	(9,165)
65+	-	-	-	(47)	(32)	(19)	(45)	(3,387)	(3,530)
	-	-	(1,037)	(5,925)	(5,124)	(5,554)	(3,427)	(13,285)	(34,353)

Enrollment Loss Estimates: Option 4e (“A3” in L&E Report)

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	-	-	-	(59)	(71)	(333)	(215)	(385)	(1,063)
18-25	-	-	-	(184)	(249)	(185)	(68)	(903)	(1,589)
26-34	-	-	-	(613)	(427)	(372)	(105)	(1,243)	(2,760)
35-44	-	-	-	(558)	(376)	(391)	(263)	(1,574)	(3,162)
45-54	-	-	-	(684)	(495)	(495)	(408)	(1,458)	(3,539)
55-64	-	-	-	(921)	(742)	(842)	(2,325)	(4,334)	(9,165)
65+	-	-	-	(47)	(32)	(19)	(45)	(3,387)	(3,530)
	-	-	-	(3,064)	(2,392)	(2,638)	(3,427)	(13,285)	(24,807)

Projected Net Premium Increase for Single Enrollee A2 - Full Replacement to 200, Phase 200-250, Half 250%+/\$30,000 AP

Per Member Per Year

Age Band/FPL	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 598	\$ 598	\$ 598
18-25	\$ -	\$ -	\$ 274	\$ 1,188	\$ 1,943	\$ 2,175	\$ 750	\$ 750
26-34	\$ -	\$ -	\$ 273	\$ 1,018	\$ 1,690	\$ 1,794	\$ 867	\$ 867
35-44	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 985	\$ 985
45-54	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 1,351	\$ 1,351
55-64	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 2,985	\$ 2,031
65+	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 3,705	\$ 2,299

As % of Income

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	0.0%	0.0%	0.0%	1.0%	1.9%	0.9%	0.6%	0.3%
18-25	0.0%	0.0%	1.0%	3.3%	4.4%	3.8%	0.8%	0.4%
26-34	0.0%	0.0%	1.0%	2.8%	3.8%	3.1%	0.9%	0.4%
35-44	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	1.0%	0.5%
45-54	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	1.4%	0.7%
55-64	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	3.5%	1.0%
65+	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	4.4%	1.1%

Projected Net Premium Increase for Single Enrollee

4b - Full Replacement to 200, Phase 200-250, Half 250%-400%/30,000 AP w/YAS

Per Member Per Year

Age Band/FPL	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 627	\$ 627	\$ 627
18-25	\$ -	\$ -	\$ 274	\$ 1,188	\$ 1,943	\$ 2,211	\$ 786	\$ 786
26-34	\$ -	\$ -	\$ 273	\$ 1,018	\$ 1,690	\$ 1,794	\$ 908	\$ 908
35-44	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 1,032	\$ 1,032
45-54	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 1,415	\$ 1,415
55-64	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 4,602	\$ 2,128
65+	\$ -	\$ -	\$ 10	\$ 403	\$ 879	\$ 747	\$ 6,056	\$ 2,409

As % of Income

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+
0-17	0.0%	0.0%	0.0%	1.0%	1.9%	1.0%	0.7%	0.3%
18-25	0.0%	0.0%	1.0%	3.3%	4.4%	3.9%	0.8%	0.4%
26-34	0.0%	0.0%	1.0%	2.8%	3.8%	3.1%	1.0%	0.4%
35-44	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	1.1%	0.5%
45-54	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	1.5%	0.7%
55-64	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	5.6%	1.0%
65+	0.0%	0.0%	0.0%	1.0%	1.9%	1.1%	7.4%	1.2%

SRP Payments and Enrollment by Carrier (1/2)

Carrier	# of Enrollees with Claims Reimbursed by the SRP	% of Enrollees with Claims Reimbursed by the SRP	Total SRP Payment	% of Total SRP Payment*	% of Total Market Enrollment
PY 2019					
CareFirst	9,095	79%	\$267,234,734	76%	53%
Kaiser	2,389	21%	\$85,563,864	24%	47%
Total	11,484	100%	\$352,798,597	100%	100%
PY 2020					
CareFirst	10,179	82%	\$317,104,612	79%	62%
Kaiser	2,225	18%	\$83,002,042	21%	38%
Total	12,404	100%	\$400,106,654	100%	100%
PY 2021					
CareFirst	12,192	83%	\$381,657,103	82%	67%
Kaiser	2,419	16%	\$81,956,875.77	18%	32%
United	96	1%	\$4,044,508.52	1%	1%
Total	14,707	100%	\$467,658,488	100%	100%
PY 2022					
CareFirst	12,297	81%	\$386,768,673	80%	64%
Kaiser	2,446	16%	\$82,396,335.82	17%	30%
United	392	3%	\$15,755,448.35	3%	6%
Total	15,135	100%	\$484,920,457	100%	100%

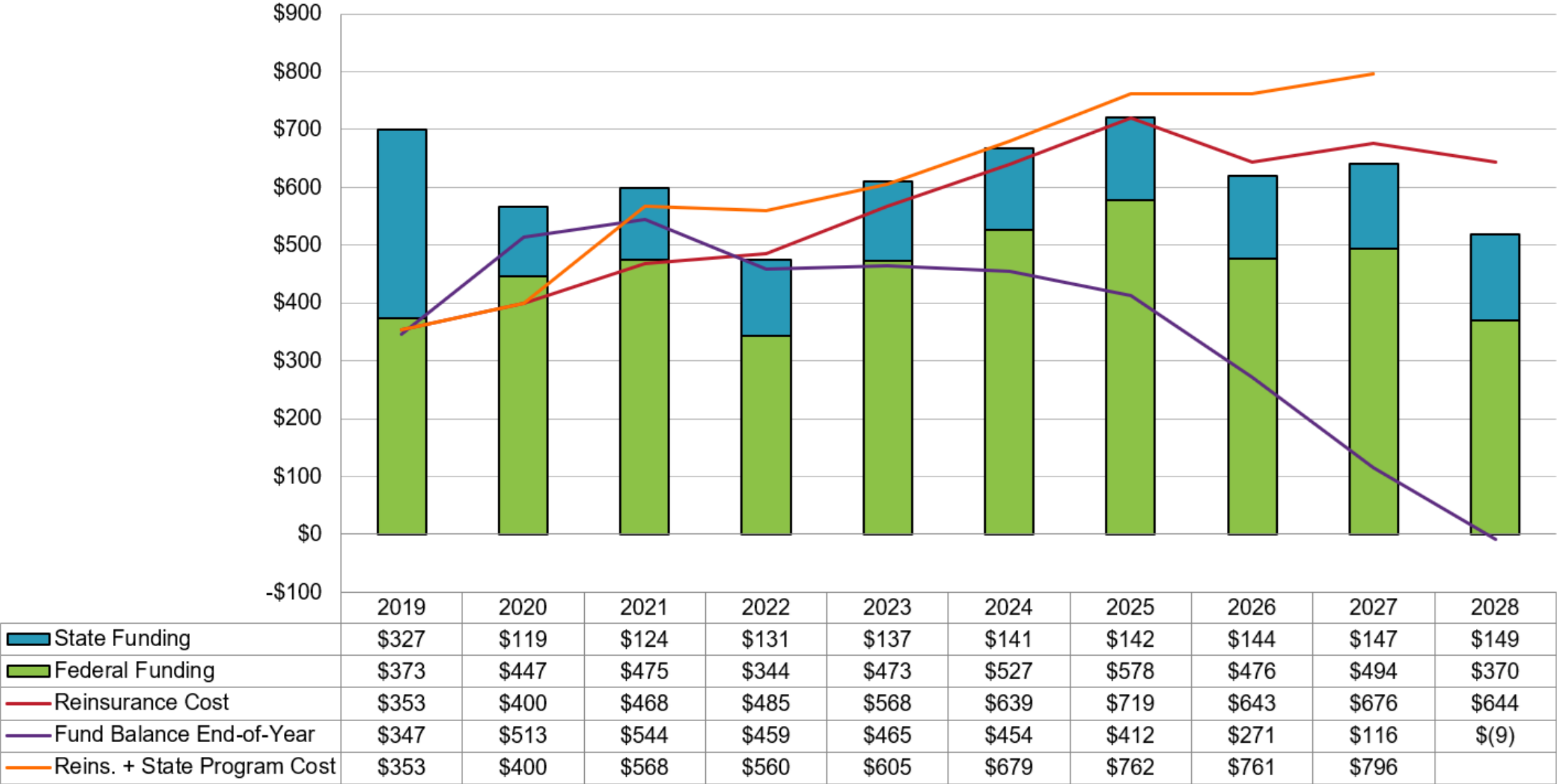
*May not sum to 100% due to rounding

SRP Payments and Enrollment by Carrier (2/2)

Carrier	# of Enrollees with Claims Reimbursed by the SRP	% of Enrollees with Claims Reimbursed by the SRP	Total SRP Payment	% of Total SRP Payment*	% of Total Market Enrollment
PY 2022					
CareFirst	12,297	81%	\$386,768,673	80%	64%
Kaiser	2,446	16%	\$82,396,335.82	17%	30%
United	392	3%	\$15,755,448.35	3%	6%
Total	15,135	100%	\$484,920,457	100%	100%
PY 2023					
CareFirst	13,931	79%	\$459,419,113	81%	60%
Kaiser	2639	15%	\$74,677,199	13%	26%
United	980	6%	\$33,740,167	6%	14%
Total	17,550	100%	\$567,836,479	100%	100%
PY 2024					
CareFirst	13,898	73%	\$479,423,991	75%	51%
Kaiser	2524	13%	\$78,403,476	12%	20%
United	2349	12%	\$75,860,517	12%	27%
Aetna	143	1%	\$5,250,414	1%	1%
Total	18,914	99%*	\$638,938,398	100%**	99%*

July 2025 Funding Projections

2026 Attachment Point of \$30k (4d/A2)



Enrollment Loss Estimates: Option 4b

Projected Enrollment Loss

	0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
0-17	-	-	-	(59)	(71)	(333)	(239)	(385)	(1,087)
18-25	-	-	(390)	(1,659)	(1,552)	(1,762)	(98)	(903)	(6,365)
26-34	-	-	(534)	(1,998)	(1,856)	(1,710)	(107)	(1,243)	(7,450)
35-44	-	-	-	(558)	(376)	(391)	(296)	(1,574)	(3,195)
45-54	-	-	-	(684)	(495)	(495)	(478)	(1,819)	(3,971)
55-64	-	-	-	(921)	(742)	(842)	(3,277)	(5,528)	(11,310)
65+	-	-	-	(47)	(32)	(19)	(58)	(5,321)	(5,476)
			(924)	(5,925)	(5,124)	(5,554)	(4,554)	(16,774)	(38,855)