Maryland Health Benefit Exchange
Board of Trustees

May 19, 2025
2 p.m. – 4 p.m.
Meeting Held via Video Conference

Members Present:
Meena Seshamani, M.D., Ph.D., Chair
Marie Grant
Katherine Rodgers
Maria Pilar Rodriguez
Dana Weckesser

Also in Attendance:
Michele Eberle, Executive Director, MHBE
Venkat Koshanam, Chief Information Officer, MHBE
Johanna Fabian-Marks, Director of Policy & Plan Management, MHBE
Tracey Gamble, Procurement Manager, MHBE
Becca Lane, Senior Health Policy Analyst, MHBE
Shirelle Green, Procurement Officer, MHBE

Meeting Call to Order and Approval of Minutes

Meena Seshamani, M.D., Ph.D., Chair

Sec. Seshamani opened the meeting and asked for a motion to approve the minutes of the April 21 meeting. Ms. Rodgers advanced the motion, seconded by Ms. Weckesser. The minutes were approved unanimously.

Public Comment

None offered.

Policy Committee Report

Katherine Rodgers, Board Liaison

Ms. Rodgers gave an overview of the Policy Committee's recent meeting, noting that Ms. Eberle provided an update on a recent convening between the state marketplaces and federal oversight entities with a focus on budget, cost sharing reductions, and the continuation of expanded tax credits. The committee heard an update from Amelia Marcus, Health Policy Analyst, on the 2025 legislative session, including a bill making the Young Adult Subsidy permanent, a bill to authorize the MHBE to expand its subsidies to offset the destabilizing effects of potential decreases in federal support, and new funding for outreach to childcare providers. Johanna Fabian-Marks, Director of Policy & Plan Management, gave the committee a preview of 2025 policy initiatives, describing recent proposed federal rulemaking that would result in a more burdensome enrollment process and concerns about resulting decreases in enrollment, especially among the healthier population. The committee learned that the Value Plan Workgroup reconvened to design the 2027 value plans and that an internal workgroup has been established to analyze administrative burdens in the enrollment process. Ms. Fabian-Marks shared improvements to plan shopping, race and ethnicity data completeness, and the launch of the small business enrollment portal.

Standing Advisory Committee (SAC) Report

Johanna Fabian-Marks, Director of Policy & Plan Management, MHBE

Ms. Fabian-Marks, substituting for Board Liaison Aika Aluc, shared an overview of the SAC's recent meeting, where they welcomed a slate of new members, heard an update on the small business enrollment portal, discussed recent state and federal legislative developments, and learned of the proposed state-based subsidy approach.

Executive Director Update

Michele Eberle, Executive Director

Ms. Eberle began her update by thanking Ms. Weckesser, whose term was ending that day, for her eight years of service on the Board and read out a Governor's Citation in her honor.

Next, Ms. Eberle discussed federal developments, noting that a recently proposed rule is likely to be largely codified, based on the markup by the U.S. House of Representatives' Energy and Commerce Committee. She explained that this would shorten the open enrollment period, eliminate the special enrollment period (SEP) for those making less than 150% of the federal poverty level (FPL), require verification for 75% of SEPs, and eliminate coverage eligibility for Deferred Action for Childhood Arrivals (DACA) recipients. Ms. Eberle noted that the MHBE expected this and has been preparing. By contrast, the agency was surprised by the Ways and Means Committee's actions, including restricting eligibility for those not legally present, requiring pre-enrollment verification by August 1 of each year, and increasing the recapture of Advanced Premium Tax Credits (APTCs). Ms. Eberle emphasized that these changes will have a major impact on the agency by introducing a huge administrative burden, and on Marylanders seeking coverage. Since each of these changes takes effect on January 1, 2026, there is very little time to prepare.

Ms. Eberle then described the MHBE's collaboration with the Maryland Insurance Administration (MIA) to develop Custom Health Option in Individual Care Expense (CHOICE) arrangements, whereby small businesses can access up to two years' tax credits by allowing employees to enroll in individual plans through the MHBE. She noted that the MHBE and MIA are still working to evaluate the likely impact of CHOICE arrangements on the broader small business health insurance market.

Sec. Seshamani noted that the MHBE and MIA, along with the Maryland Department of Health and the Maryland Department of Human Services, are working collaboratively to gather and distribute facts about the legislation.

Commissioner Grant added that rate filings were due from the carriers that day and would likely require a great deal of back-and-forth to reach their final state, given the changes described by Ms. Eberle.

2026 State-Based Subsidy

Johanna Fabian-Marks, Director of Policy and Plan Management, MHBE
Brad Boban, Chief Actuary, MIA

Ms. Fabian-Marks gave the Board an overview of considerations for state-based subsidies. She began by describing the impact of the ending of enhanced federal tax credits, currently scheduled to expire at the end of 2025. Unless Congress acts, she explained, nearly 200,000 participants will lose some or all of their financial support and the average premium will increase by an estimated 68% among tax-credit-eligible consumers.

Next, Ms. Fabian-Marks discussed recent Maryland legislation. House Bill 1082 requires the MHBE to establish an individual subsidy program for plan years 2026 and 2027, provided Congress does not extend enhanced federal subsidies. This new program would be funded by the State Reinsurance Program (SRP) using the same method as the current Young Adult Subsidy (YAS), which would then be discontinued and subsumed into the new program. Since state funds are not plentiful enough to fully replace lost federal tax credits, she explained, the MHBE's actuarial consultants have modeled a range of partial replacement options for the Board's consideration.

Ms. Fabian-Marks then explained that the Board will be asked to vote on the subsidy approach during its July meeting and asked for guidance and feedback on the replacement options. She discussed the subsidy design priorities as stated in the legislation, which seeks to maximize enrollment while not jeopardizing the SRP. She shared figures showing the number of people likely to be affected by the change, namely those whose eligibility for subsidies stems entirely from the expansion of tax credits under the American Rescue Plan Act, as well as figures demonstrating which categories of enrollees (by age and income) are projected to be most affected. While the greatest number of enrollees who will be affected is on the lower end of the income scale, the populations who will experience the greatest increase in costs are those aged 18-34 with income between 150% and 300% of FPL along with those aged 55 or over whose income exceeds 400% of FPL.

Mr. Boban went over the considerations the MIA kept in mind while developing the replacement scenarios, from impacts on the market to program costs and effects on the SRP and its operating fund. He described the impact of the changes on "silver loading," where Maryland offsets the loss of federal funding to support cost sharing reductions (CSRs) by allowing carriers to adjust the rate of Silver-level plans upwards, sometimes even making Silver plans more expensive than Gold plans. He pointed out that significant reductions in enrollment among those eligible for CSRs will have a negative impact on the availability of subsidies for all enrollees as well as on federal pass-through funds.

Next, Mr. Boban laid out the four scenarios they modeled. The first is where the state does nothing to replace the enhanced federal subsidy. The second scenario fully replaces the federal subsidy with state funds and was modeled with three different attachment points in the SRP: $22,000, $30,000, and $40,000. The third scenario fully replaces federal subsidies for those up to 200% of FPL and scales the subsidy down for those earning between 200% and 250% of FPL leaving those above

250% with no state subsidy. The fourth scenario would fully replace enhanced federal subsidies up to 200% FPL, scale down to half of enhanced federal subsidies between 200% and 250% FPL, and extend those half replacements up to 400% FPL. This fourth scenario was modeled four ways: with and without extending subsidies to those above 400% FPL, as well as with a $22,000 or a $30,000 attachment point on the SRP. Mr. Boban described the parameters of the SRP and how they affect affordability, noting that increasing the attachment point will save money but will also reduce the overall effectiveness of the SRP in moderating premiums.

Ms. Fabian-Marks then discussed the history of the SRP's parameters, explaining that the attachment point remained steady at $20,000 for its first three years of operation, and was reduced in 2023 to $18,500 before returning to $20,000 in 2024 with a scheduled increase of $1,000 each year to follow. She pointed out that the people whose premiums are most impacted by the SRP are those who do not receive subsidies, since APTCs largely shield subsidized enrollees from these effects.

Next, Ms. Fabian-Marks shared the results of the modeling, showing the estimated impact of each subsidy scenario on total program cost, net cost, total individual market enrollment, and SRP fund balance. She noted that the scenario where the state fully replaces the enhanced APTC and does not change the SRP attachment point is the baseline for enrollment with the other scenarios. The enrollment decline in each scenario ranges from a high of 23% with no replacement of enhanced APTC to a low of 2% with full replacement and an SRP attachment point of $30,000. Estimates of overall SRP fund balances at the end of 2027 range from a deficit of $24 million in the full-replacement-with-no-change-to-attachment-point scenario to a surplus of $240 million in the scenario where the state fully replaces enhanced APTC for those up to 200% FPL.

Ms. Fabian-Marks then discussed the assumptions made in the modeling, noting that the calculation of federal pass-through funding is opaque to states, and that consumer behavior and decision-making around enrollment is among the most impactful factors being estimated. She concluded by noting that the Board would not be locked into one scenario for both 2026 and 2027 since they have the authority to select a different arrangement for each year and cautioned that the agency could conceivably present a recommendation at the July meeting that does not match any of the scenarios presented, especially the SRP attachment point. She asked what further information or analysis her team could provide to help make the decision.

Ms. Weckesser asked for an explanation of the 2026 net cost figure for the scenario wherein the state replaces enhanced APTC for those up to 200% FPL then decreases the replacement from full to 50% between 200% and 250% FPL and maintains that 50% replacement up through 400% FPL along with an SRP attachment point of $30,000. Ms. Fabian-Marks and Mr. Boban replied that this is the only scenario whereby the SRP fund increases as a result of the subsidy program while all other scenarios increase net costs.

Ms. Rodgers asked how Maryland's SRP attachment point compares with those in other states. Ms. Fabian-Marks replied that Maryland's attachment point is low compared with other states that operate a state subsidy. Mr. Boban agreed, adding that the average attachment point among states is roughly $40,000.

Commissioner Grant asked whether the federal pass-through funding assumptions in the models account for changes in the Marketplace Integrity and Affordability Rule that could reduce passthroughs. Ms. Fabian-Marks replied that the models do not incorporate those proposed changes, adding that the MHBE expects to continuously update the models as the laws and regulations change throughout the year.

Commissioner Grant pointed out that, in essence, if the Board raises the attachment point of the SRP, it will raise the premiums of every unsubsidized enrollee in the state. She asked the MHBE to prepare figures showing the likely impact of each scenario on various populations of enrollees.

Ms. Fabian-Marks then turned to the proposed regulations to support the state-based subsidy program. The proposal includes a new chapter to the Code of Maryland Regulations (COMAR) along with rules governing the structure, implementation, and eligibility standards of the program. She explained that the MHBE recommends that the regulations be simultaneously submitted as a proposed action and an emergency action, allowing for an earlier effective date since emergency actions can take effect upon approval by the relevant legislative committee rather than having to undertake a public comment period before the effective date. Emergency actions still need to have a public comment period within six months of the effective date. Ms. Fabian-Marks pointed out that the simultaneous submission will allow the public comment period for the proposed action to take place without delaying the effective date of the emergency regulations.

Next, Ms. Fabian-Marks shared the timeline for implementation of the regulations, culminating in an effective date of October 13, 2025.

Commissioner Grant moved to approve the proposed and emergency regulations as presented, and authorize MHBE to submit the regulations as presented to the Joint Committee on Administrative, Executive, and Legislative Review for review and to the Department of Legislative Services for publication in the Maryland Register. Ms. Rodgers seconded the motion. The motion was approved unanimously.

Actuarial Services Contract Award

Becca Lane, Senior Health Policy Analyst, MHBE
Shirelle Green, Procurement Officer, MHBE

Ms. Lane shared the background of the actuarial services contract, noting that the MHBE currently has a contract in place that ends June 30, 2025, and is responsible for the modeling previously discussed during the meeting. The new contract would include a three-year base period along with two one-year renewal options and would limit costs to $200,000 per year for a total value of $1 million over the five years. She explained that the MHBE received two qualified bids for the contract, one from Lewis & Ellis, Inc., which is the incumbent contractor, and the other from Wakely Consulting Group, LLC.

Next, Ms. Lane announced that the MHBE wishes to award the contract to Lewis & Ellis due to their having offered the best financial terms and their satisfactory performance during the current contract period.

Ms. Weckesser noted that the MHBE also uses actuarial services from the MIA and asked how they are used differently. Ms. Fabian-Marks replied that Lewis & Ellis perform all the actuarial analysis work while the MIA actuarial staff assist the MHBE with interpreting the results and guiding the contractor.

Ms. Green then read out a motion to approve award of the Actuarial Services Contract to Lewis & Ellis, Inc. for the contract base period of July 1, 2025 to June 30, 2028, with a not-to-exceed amount of $200,000 per year and $1,000,000 total for the three-year base period and two one-year option year renewals as presented. Ms. Weckesser advanced the motion as read while Ms. Rodgers seconded. The motion was approved unanimously.

IT Resource Procurement (IDIQ)

Venkat Koshanam, Chief Information Officer, MHBE
Shirelle Green, Procurement Officer, MHBE

Ms. Green presented an overview of the IT Indefinite Delivery Indefinite Quantity (IDIQ) Master Contract during the current contract period, noting that the contract is currently in its second of three base years, with two optional extension years still to come. She shared a list of the functional areas within which the MHBE creates task orders to be fulfilled by IDIQ resources and displayed figures showing that the FY 2026 contract expenses are likely to be lower than those from FY 2025.

Mr. Koshanam explained that the MHBE's technologies are largely developed by people on task orders from the IDIQ Master Contract, noting that the agency has transitioned in recent years from using a single large contractor to perform most of these functions to this IDIQ approach. The MHBE IT staff itself, numbering fewer than 25, oversees and integrates the work of the more than 150 people secured under the IDIQ Master Contract.

Ms. Weckesser asked whether the federal funds to cover the federal portion of these expenses is in hand, or, if not, whether the MHBE is confident that it will receive the funds. Mr. Koshanam replied that the MHBE has had a good working relationship with the Centers for Medicare & Medicaid Services (CMS) and is confident that the partnership will continue.

Ms. Weckesser moved to approve a total Not-to-exceed (NTE) amount of $34,550,000, with the federal financial participation amount of $25,057,200 and state participation amount of $9,492,800 for the IT IDIQ contracts for the Fiscal Year 2026, subject to the availability of Federal and State funds. Ms. Rodgers seconded. The motion passed unanimously.

IT Procurements

Venkat Koshanam, Chief Information Officer, MHBE
Tracey Gamble, Procurement Manager, MHBE

Mr. Koshanam gave an overview of the first of three IT procurements on the agenda. Informatica PowerCenter, he explained, is a core pillar of MHBE technology that supports the integration of diverse data sources. Ms. Gamble then described the procurement process for this software, the license period, and total contract amount along with its division into federal and state funds. She asked that a Board member move to award the contract to Software Information Resource Corp in the amount of $290,722.61, with a federal participation amount of $191,876.92 and a state participation amount of $98,845.69, to renew the Informatica PowerCenter subscription licenses for the period from August 1, 2025 through July 31, 2026. Ms. Rodgers advanced the motion as read by Ms. Gamble, seconded by Ms. Weckesser. The motion was approved unanimously.

Mr. Koshanam then described how the MHBE uses the EDB Postgres database management system to securely store transactional data for consumers and to maintain electronic data interfaces with the U.S. Department of Labor and the Internal Revenue Service to support eligibility determinations. Ms. Gamble shared the details of the procurement terms, period, and costs. She asked for a motion to award a contract to vCloud Tech, Inc. in the amount of $450,794.48 with a federal participation amount of $297,524.36 and State participation amount of $153,270.12, to procure EDB Postgres subscription licenses for the period from August 28, 2025, through August 27, 2027. Ms. Rodgers advanced the motion as read by Ms. Gamble. Ms. Weckesser seconded. The motion was approved unanimously.

Next, Mr. Koshanam discussed the PingIdentity software, which the MHBE uses to control access to web applications like the Maryland Health Connection Consumer Portal, Worker Portal, and others. Ms. Gamble shared the details of the procurement terms, period, and costs. She asked for a motion to award a contract to Alxtel, Inc. in the amount of $466,741.10 for two years, with a federal participation amount of $308,049.13 and State Participation amount of $158,691.97, to procure PingIdentity (formerly ForgeRock) subscription licenses for the period from August 1, 2025, through July 31, 2027. Ms. Rodgers advanced the motion as read by Ms. Gamble. Ms. Weckesser seconded. The motion was approved unanimously.

Adjournment

Sec. Seshamani closed the meeting.