

# Final 2026 State Subsidy and Reinsurance Parameters

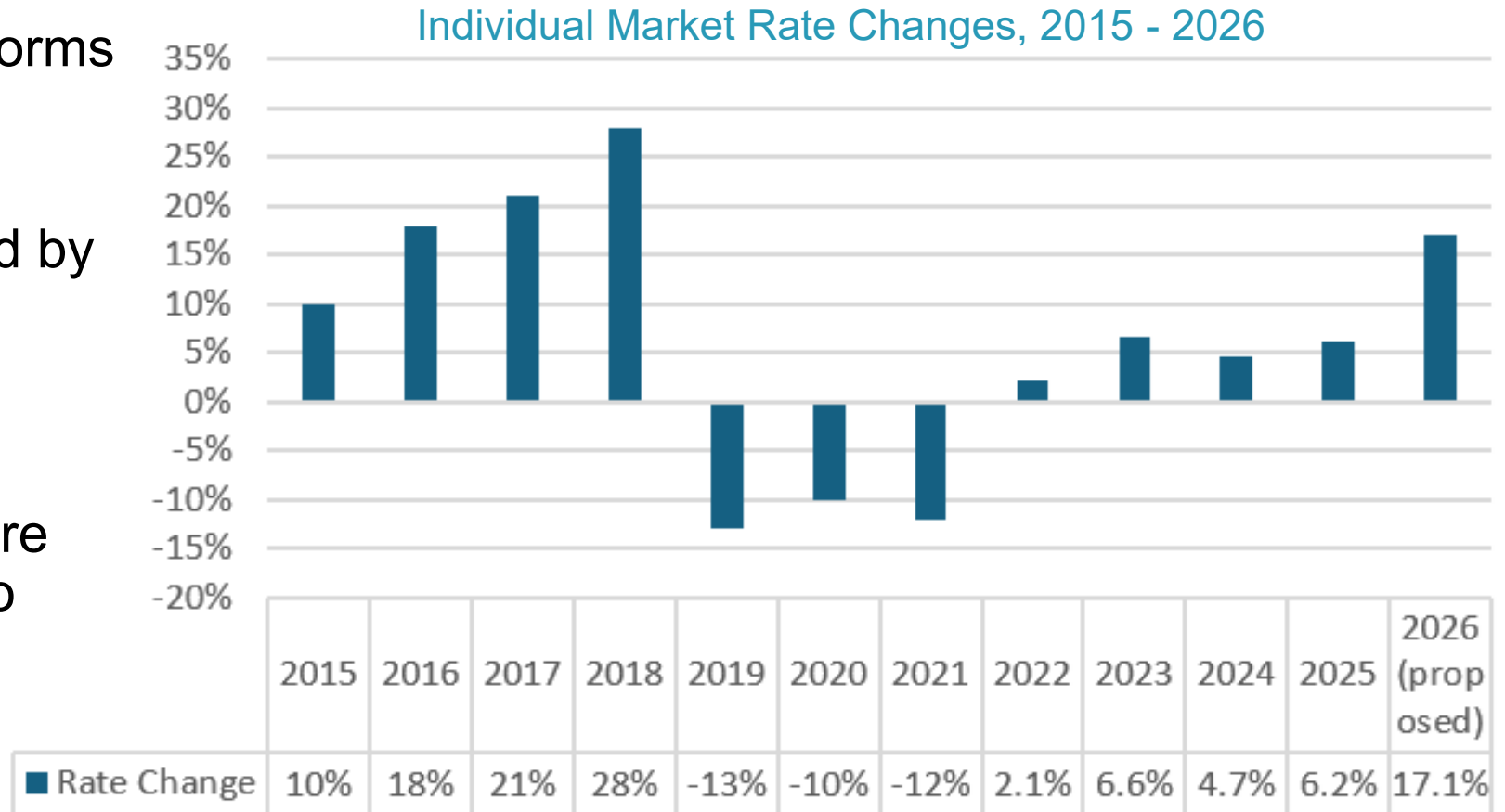
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Johanna Fabian-Marks, Deputy Executive Director  
August 18, 2025

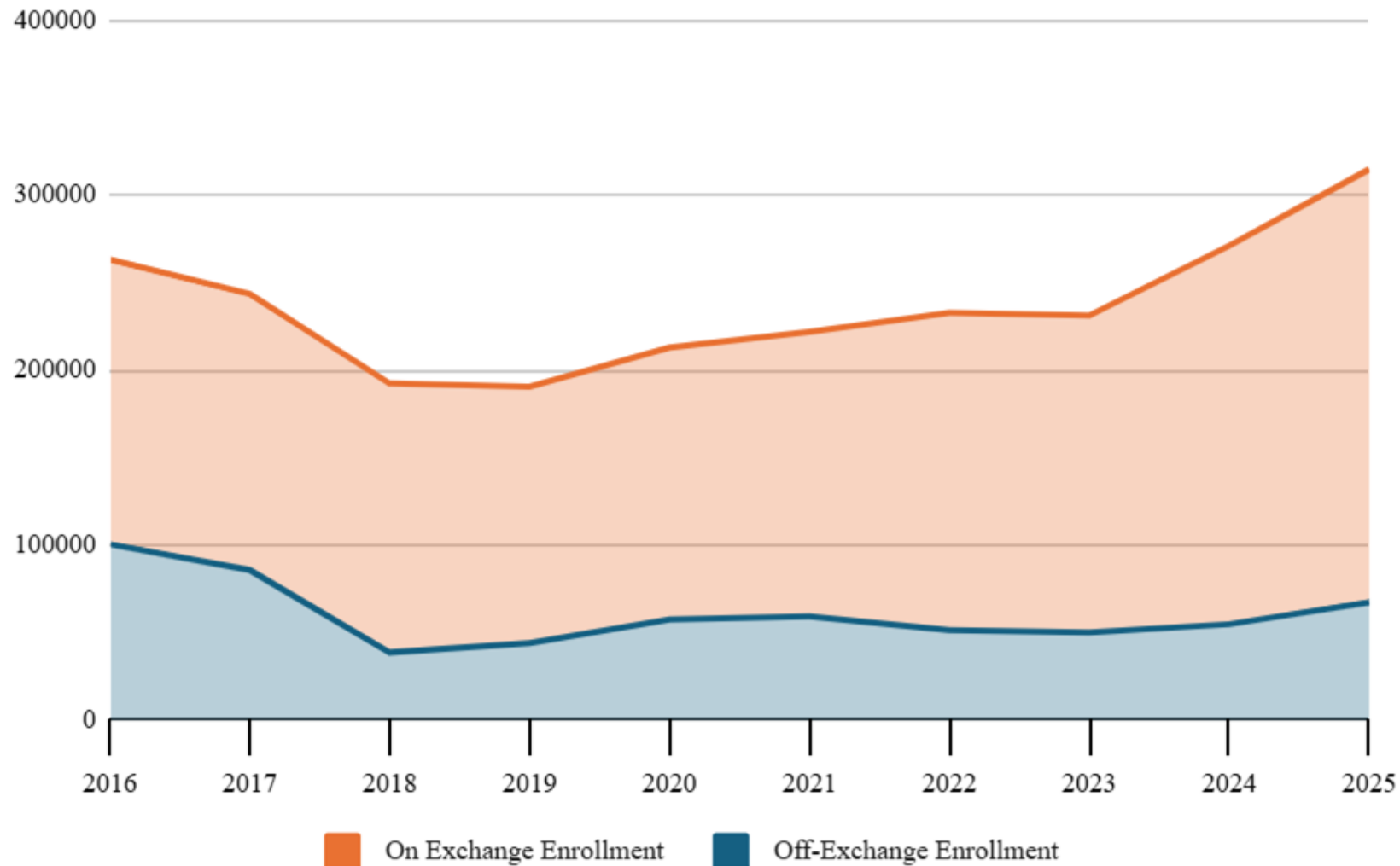
# 1.Reinsurance Background

# History

- **2014:** ACA market reforms went into effect
- **2014-2018:** Individual market rates increased by double digits
- **2019:** Reinsurance program implemented
- **2025:** Rates down more than 17% compared to 2018, enrollment rebounded



# Total Individual Market Enrollment 2014-2025



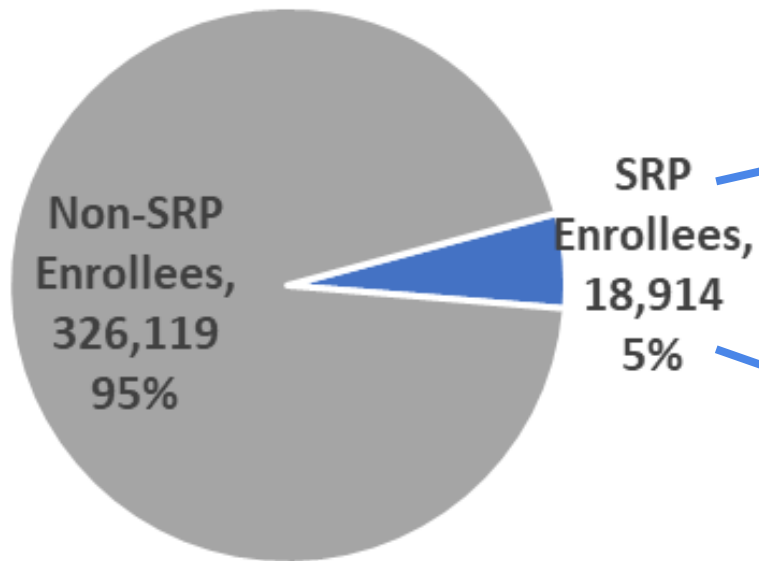
# How Does Reinsurance Work?

- Reinsurance reimburses insurers for a portion of their claims costs. Lower costs allow carriers to charge lower premiums.
- The MHBE Board sets the parameters for the reinsurance program.
- Feds approve the waiver governing reinsurance in 5-year increments; current waiver period end Dec 31, 2028.

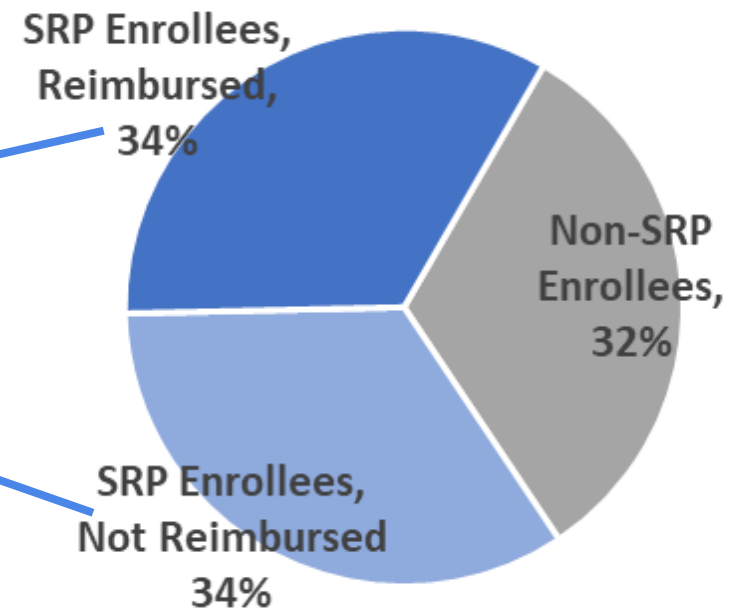
Parameters	2019 - 2022	2023	2024	2025
Attachment Point	\$20,000	\$18,500	\$20,000	\$21,000
Coinsurance Rate	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.760 - .805	.840	.850	.850

# What is the Reinsurance Program's Scope?

**2024 Total Average  
Individual Market Enrollment**



**2024 Total Paid Claims: \$1.9B  
SRP Paid Claims: \$639M**



# How Do We Fund It?

## State Funds

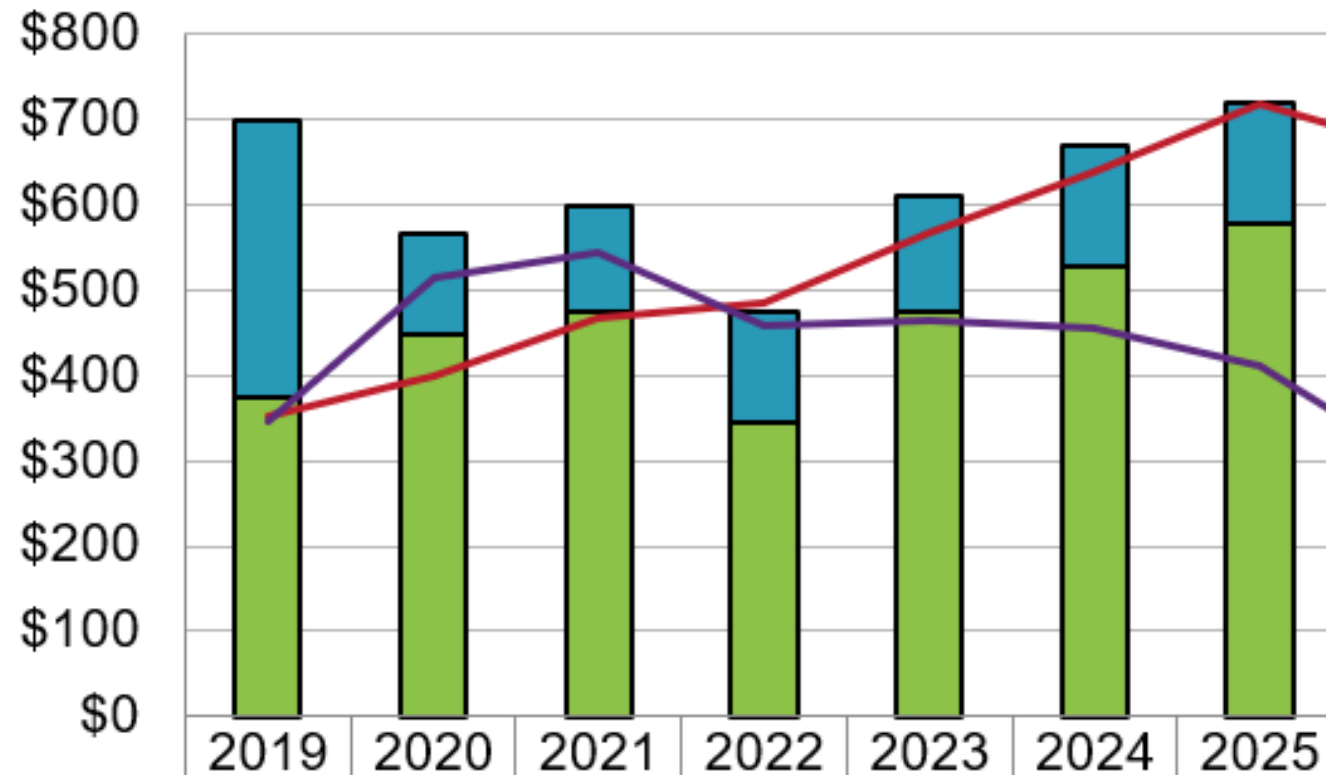
- **Assessment** through 2028 on most state-regulated health insurance premiums. 2.75% in 2019, 1% for 2020-2028
- **Reserve:** The higher 2019 assessment + higher than expected federal funding in the early years of the program allowed MHBE to build up a reserve of state funds

## Federal Funds: ACA Section 1332 State Innovation Waiver

- Under Section 1332 of the ACA, states can waive certain ACA rules
- If the waiver lowers premiums, federal premium subsidy costs decrease, saving the feds money
- Under the waiver, the federal government then redirects those savings back to the state - called **pass-through funding** - to help run the waiver program

To the extent a state intervention (like a subsidy) increases APTC-eligible enrollment, it can also increase pass-through funding. This reduces the state funds necessary for reinsurance, partially offsetting the state cost of the intervention.

# Reinsurance Funding Experience, 2019-2025



<span style="color: blue;">■</span> State Funding	\$327	\$119	\$124	\$131	\$137	\$141	\$142
<span style="color: green;">■</span> Federal Funding	\$373	\$447	\$475	\$344	\$473	\$527	\$578
<span style="color: red;">—</span> Reinsurance Cost	\$353	\$400	\$468	\$485	\$568	\$639	\$719
<span style="color: purple;">—</span> Fund Balance End-of-Year	\$347	\$513	\$544	\$459	\$465	\$454	\$412

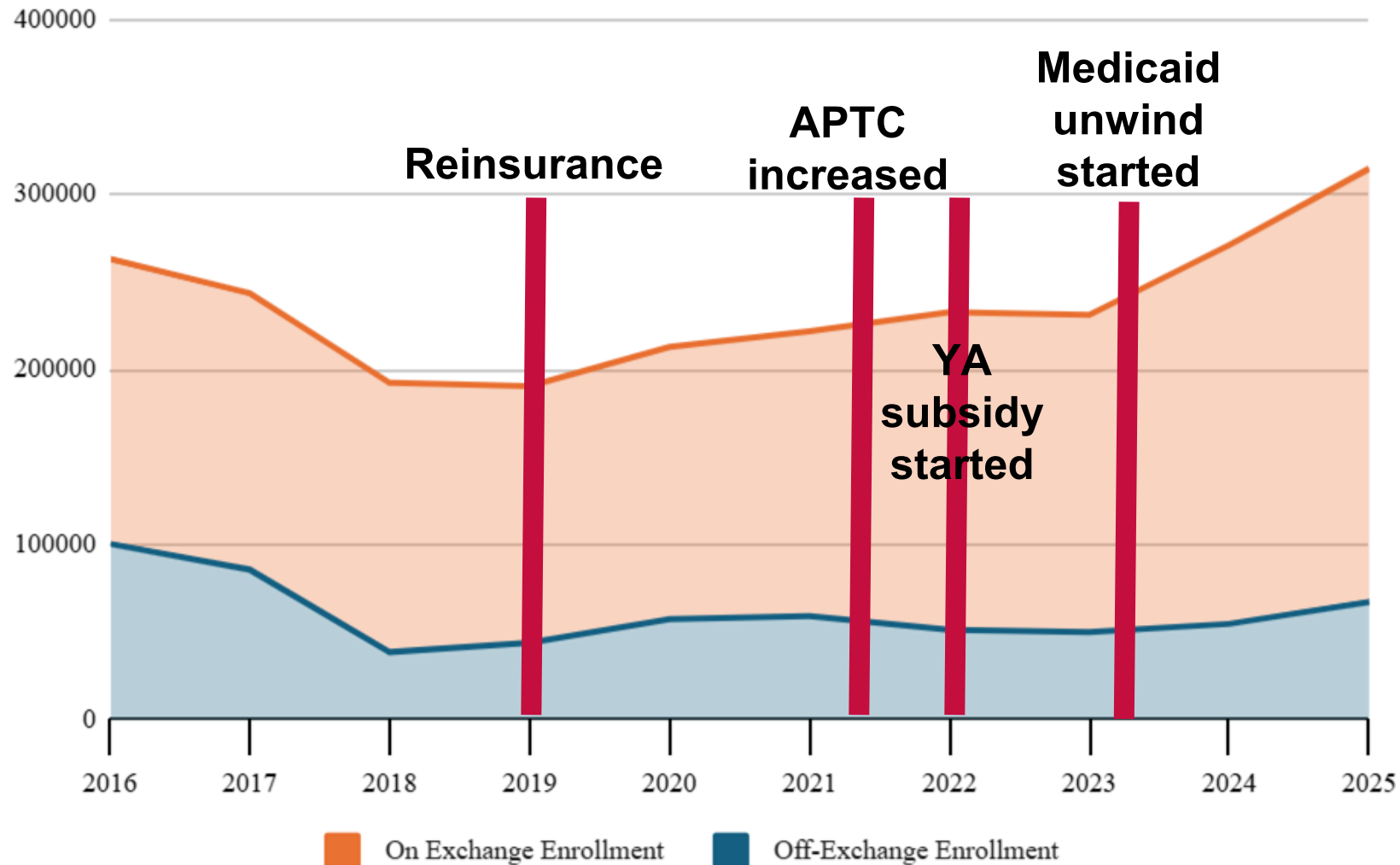


## 2. State Subsidy Background

# Impact of Loss of Enhanced Federal Tax Credits

- 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:
  - For the 190,000 MHC consumers receiving tax credits, premiums are estimated to increase by 68% on average
  - For the 105,000 “unsubsidized” enrollees (on and off-exchange), insurers proposed ~17% average rate increases

# Reinsurance Stabilized the Market; eAPTC + YAS + MA Unwinding Turbocharged Enrollment



# HB 1082

- [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
- 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 modeled partial replacement options.

# HB1 Impact on APTC and Proposed Subsidy Eligibility

- H.B. 1 limits lawfully present immigrants' eligibility for APTC
  - Jan. 1, 2026: Lawfully present immigrants <100% FPL and ineligible for Medicaid due to 5-year bar no longer eligible for APTC (~20,000 enrollees)
  - Jan. 1, 2027: Lawfully present immigrants of all FPLs no longer eligible for APTC, except for lawful permanent residents (green card holders), certain Cuban or Haitian entrants, and Compact of Free Association (COFA) migrants
    - Denies assistance to groups such as refugees, asylees, and victims of human trafficking
- Estimated cost to replace APTC for the ~20,000 losing APTC in 2026: \$154 million per year
  - Proposed state subsidy limited to individuals who continue to be eligible for APTC

# 3. Recommended 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
<b>Total</b>	<b>42,184</b>	<b>42,427</b>	<b>30,697</b>	<b>22,609</b>	<b>23,322</b>	<b>22,003</b>

# 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

# 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

# Modeling Updates

Actuarial modeling has been updated to reflect recent federal developments:

- **2026 Expected contribution table** released by IRS: Higher expected contributions than projected. Approximate **-45M impact on the 2028 End of Year Balance (EYB)** due to making the state subsidy more expensive; also partially offset due to increased lapses.
- **<100% FPL lawfully present individuals** are no longer eligible for APTC starting 1/1/26 under HR1; ~20,000 affected individuals removed from modeling. **-50M impact on the 2028 EYB.**

Additionally, we assumed:

- An **increase in the attachment point** from anticipated \$22,000 to \$24,000 in 2026. This has a **+10M impact** on the 2028 EYB.
- MHBE is granted authority to continue a state subsidy program through the end of 2028.

# Subsidy Design Evolution

- Modeled 10+ scenarios to explore options
- Based on modeling and public comment narrowed down to two leading contenders discussed with the Board at July 21st meeting (“A1” and “A3”).
- Updated modeling to reflect new developments and assumptions detailed on previous slide
- Modeled potential pathways to maintain reinsurance and state subsidy through the end of 2028 within available funding
- After extensive discussion with MIA Actuarial Department and contracted actuaries, and considering public comment, narrowed down recommended 2026 subsidy to design A1 presented to the Board at July 21st meeting, with an increase to the 2026 attachment point from initially anticipated \$22,000 to \$24,000.

# Sample Subsidy Scenarios - 2026 through 2028

**B2**

Subsidy Elements	2026 (A1)	2027 (B2)	2028 (B2)
Attachment Point	\$24,000	\$30,000	\$36,000
Young Adult Subsidy	Same as 2025	No Young Adult Subsidy	No Young Adult Subsidy
≤200% FPL	Fully replace eAPTC	Fully replace eAPTC	Fully replace eAPTC
>200-≤250% FPL	Phase down from full replacement at 200% FPL to 50% replacement at 250% FPL	Same as 2026	No premium subsidy
>250% - 400% FPL	50% eAPTC replacement	Same as 2026	No premium subsidy
>400% FPL	No premium subsidy	No premium subsidy	No premium subsidy

**B3**

Subsidy Elements	2026 (A1)	2027 (B3)	2028 (B3)
Attachment Point	\$24,000	\$30,000	\$36,000
Young Adult Subsidy	Same as 2025	No Young Adult Subsidy	No Young Adult Subsidy
≤200% FPL	Fully replace eAPTC	Fully replace eAPTC	Fully replace eAPTC
>200-≤250% FPL	Phase down from full replacement at 200% FPL to 50% replacement at 250% FPL	Phase down from full to 25% replacement	Phase down from full to 25% replacement
>250% - 400% FPL	50% eAPTC replacement	25% eAPTC replacement	25% eAPTC replacement
>400% FPL	No premium subsidy	No premium subsidy	No premium subsidy

# There are pathways to adjust '27-'28 subsidy & reinsurance parameters to yield projected positive EO28 Fund balance

State Subsidy Description		Reinsurance Attachment Point (000s)			Enrollment Decline Relative to 2025 (324k)			Net Funding EOY (M)	
		2026	2027	2028	2026	2027	2028	2027	2028
	Baseline: eAPTC expires, no state subsidy	\$24	\$30	\$36	34% (215k)	37% (204k)	39% (198k)	\$193	\$145
B1	2026: A1. '27-28: Sunset YAS EO26. No reduction to state subsidy	\$24	\$30	\$36	15% (276k)	19% (263k)	21% (257k)	\$84	(\$10)
B2	2026: A1. '27-28: Sunset YAS EO26. Reduce state subsidy 50% in 2027, 2028 for >200%					21% (256k)	23% (250k)	\$102	\$34
B3	2026: A1. '26-27: Sunset YAS EO26. For >200%, full state subsidy in 2027, none in 2028					19% (263k)	27% (237k)	\$84	\$19

# Subsidy Design Recommendation

## Recommendation

- Use A1 subsidy design for 2026, increase attachment point from \$22,000 to \$24,000
- Evaluate emerging 2026 experience to inform program design decisions in summer 2026 for plan year 2027
  - Anticipate offering greatest market support in 2026 and phase down in 2027 and 2028
    - Accelerated attachment point increases and reduction in subsidy program for 2027 and 2028 likely required in order to operate within available funds
  - Anticipate continuing both programs through 2028 to mitigate enrollment losses to the greatest extent possible (legislation required to extend subsidy authority for 2028)

## Rationale

- More generous support in 2026 and phase out of market support in later years more likely to mitigate enrollment losses compared to a sharper reduction in 2026
- Provides additional time for Congress to act
- It's hard to gain back enrollees once you've lost them



# 2026 Expected contribution for benchmark plan with and without eAPTC & for recommended subsidy option

FPL	eAPTC Continues	eAPTC Expires	State Subsidy
<138%	0.00%	2.10%	0.00%
138%	0.00%	3.14%	0.00%
150%	0.00%	4.19%	0.00%
200%	2.00%	6.60%	1.00%
250%	4.00%	8.44%	6.22%
300%	6.00%	9.96%	7.98%
400%	8.50%	9.96%	9.23%
>400%	8.5%	n/a	n/a

Note: For those under 400% FPL, the young adult subsidy reduces the state subsidy expected contribution by 2.5% for ages 18-33, phasing out by 0.5% per year through age 37, with those over 38 ineligible for the young adult subsidy.

# 2024-25 Young Adult Subsidy Program Parameters

## Eligibility

- Age: 18-37 (18 or older; younger than 38)
- Income:  $\leq 400\%$  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%
$\leq 150$	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%

## 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/	0%-133%	33%-150%	50%-200%	00%-250%	50%-300%	00%-400%	00%-600%	600%+
0-17	\$ 219	\$ 812	\$ 1,214	\$ 1,631	\$ 1,101	\$ 557	\$ 557	\$ 557
18-25	\$ 219	\$ 812	\$ 1,174	\$ 1,620	\$ 1,873	\$ 677	\$ 699	\$ 699
26-34	\$ 219	\$ 812	\$ 1,210	\$ 1,622	\$ 1,877	\$ 792	\$ 807	\$ 807
35-44	\$ 219	\$ 812	\$ 1,214	\$ 1,631	\$ 1,889	\$ 1,402	\$ 918	\$ 918
45-54	\$ 219	\$ 812	\$ 1,214	\$ 1,631	\$ 1,889	\$ 1,634	\$ 1,258	\$ 1,258
55-64	\$ 219	\$ 812	\$ 1,214	\$ 1,631	\$ 1,889	\$ 1,634	\$ 4,367	\$ 1,892
65+	\$ 219	\$ 812	\$ 1,214	\$ 1,631	\$ 1,889	\$ 1,634	\$ 5,789	\$ 2,142

As % of Income								
	0%-133%	33%-150%	50%-200%	00%-250%	50%-300%	00%-400%	00%-600%	600%+
0-17	2.1%	3.7%	4.4%	4.5%	2.4%	0.8%	0.6%	0.3%
18-25	2.1%	3.5%	4.3%	4.6%	4.3%	1.1%	0.7%	0.3%
26-34	2.1%	3.5%	4.4%	4.6%	4.2%	1.2%	0.8%	0.4%
35-44	2.1%	3.7%	4.4%	4.5%	4.2%	2.3%	1.0%	0.4%
45-54	2.1%	3.7%	4.4%	4.5%	4.2%	2.7%	1.3%	0.6%
55-64	2.1%	3.7%	4.4%	4.5%	4.2%	2.7%	5.3%	0.9%
65+	2.1%	3.7%	4.4%	4.5%	4.2%	2.7%	7.1%	1.0%

# Projected Net Premium Increase for Single Enrollee

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

Per Member Per Year									
Age Band/	0%-133%	33%-150%	50%-200%	00%-250%	50%-300%	00%-400%	00%-600%	600%+	
0-17	\$ -	\$ -	\$ -	\$ 438	\$ 985	\$ 463	\$ 463	\$ 463	
18-25	\$ -	\$ -	\$ -	\$ 426	\$ 969	\$ 559	\$ 580	\$ 580	
26-34	\$ -	\$ -	\$ -	\$ 428	\$ 973	\$ 655	\$ 671	\$ 671	
35-44	\$ -	\$ -	\$ -	\$ 438	\$ 985	\$ 892	\$ 762	\$ 762	
45-54	\$ -	\$ -	\$ -	\$ 438	\$ 985	\$ 892	\$ 1,045	\$ 1,045	
55-64	\$ -	\$ -	\$ -	\$ 438	\$ 985	\$ 892	\$ 4,046	\$ 1,571	
65+	\$ -	\$ -	\$ -	\$ 438	\$ 985	\$ 892	\$ 5,426	\$ 1,779	

As % of Income									
	0%-133%	33%-150%	50%-200%	00%-250%	50%-300%	00%-400%	00%-600%	600%+	
0-17	0.0%	0.0%	0.0%	1.1%	2.1%	0.7%	0.5%	0.2%	
18-25	0.0%	0.0%	0.0%	1.2%	2.2%	0.9%	0.6%	0.3%	
26-34	0.0%	0.0%	0.0%	1.2%	2.1%	1.0%	0.7%	0.3%	
35-44	0.0%	0.0%	0.0%	1.1%	2.1%	1.4%	0.8%	0.3%	
45-54	0.0%	0.0%	0.0%	1.1%	2.1%	1.4%	1.0%	0.5%	
55-64	0.0%	0.0%	0.0%	1.1%	2.1%	1.4%	4.9%	0.7%	
65+	0.0%	0.0%	0.0%	1.1%	2.1%	1.4%	6.6%	0.8%	

# 2026 Enrollment Loss Estimates

		0%-133%	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	400%-600%	600%+	
No state subsidy	0-17	(155)	(44)	(294)	(294)	(351)	(891)	(173)	-	(2,203)
	18-25	(1,546)	(419)	(2,234)	(1,516)	(1,116)	(747)	(45)	-	(7,623)
	26-34	(3,223)	(910)	(4,085)	(3,075)	(2,137)	(734)	(14)	-	(14,178)
	35-44	(5,375)	(809)	(4,205)	(2,788)	(1,878)	(1,174)	(117)	-	(16,346)
	45-54	(4,551)	(853)	(4,587)	(3,422)	(2,474)	(1,484)	(478)	(721)	(18,571)
	55-64	(4,717)	(1,177)	(6,133)	(4,604)	(3,711)	(2,527)	(3,277)	(4,709)	(30,855)
	65+	(8,795)	(123)	(415)	(233)	(158)	(58)	(58)	(4,354)	(14,194)
		(28,362)	(4,336)	(21,954)	(15,932)	(11,825)	(7,615)	(4,163)	(9,784)	(103,970)
With recommended subsidy	0-17	(34)	-	-	(59)	(214)	(333)	(215)	(385)	(1,239)
	18-25	(1,331)	-	-	(184)	(490)	(256)	(68)	(903)	(3,232)
	26-34	(2,761)	-	-	(613)	(1,253)	(286)	(107)	(1,243)	(6,263)
	35-44	(3,520)	-	-	(558)	(1,127)	(391)	(190)	(1,184)	(6,970)
	45-54	(2,848)	-	-	(684)	(1,484)	(495)	(456)	(1,458)	(7,425)
	55-64	(2,876)	-	-	(921)	(2,227)	(842)	(2,871)	(5,118)	(14,855)
	65+	(6,211)	-	-	(47)	(95)	(19)	(54)	(3,627)	(10,052)
		(19,581)	-	-	(3,064)	(6,889)	(2,623)	(3,961)	(13,919)	(50,037)

# Request for Approval of Final PY2026 State Subsidy Parameters

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

- *Fully replace eAPTC up to 200% FPL;*
- *Phase down from full eAPTC replacement at 200% FPL to 50% replacement at 250% FPL*
- *50% replacement of eAPTC 250%-400% FPL;*
- *No state subsidy above 400% FPL;*
- *Continue 2025 Young Adult Subsidy parameters.*

*To be included in Reinsurance motion: Set 2026 attachment point at \$24,000*



# 4. Recommended 2026 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.



# Calendar Year 2025 SRP Key Dates

<b>February 18, 2025</b>	<b>MHBE Board</b>	<b>Set estimated 2026 SRP parameters.</b>
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
<b>July 21, 2025</b>	<b>MHBE Board</b>	<b>Set final 2025 SRP parameters.</b>
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
- MHBE staff recommend increasing the attachment point to \$24,000, and 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)	Recommended Final 2026
Attachment Point	\$20,000	\$18,500	\$20,000	\$21,000	\$22,000	\$24,000
Coinsurance Rate	80%	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	0.760-0.805	0.840	0.850	0.850	TBD	TBD

# There are pathways to adjust '27-'28 subsidy & reinsurance parameters to yield projected positive EO28 Fund balance

State Subsidy Description		Reinsurance Attachment Point (000s)			Enrollment Decline Relative to 2025 (324k)			Net Funding EOY (M)	
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B1	2026: A1. '27-28: Sunset YAS EO26. No reduction to state subsidy	\$24	\$30	\$36	15% (276k)	19% (263k)	21% (257k)	\$84	(\$10)
B2	2026: A1. '27-28: Sunset YAS EO26. Reduce state subsidy 50% in 2027, 2028 for >200%					21% (256k)	23% (250k)	\$102	\$34
B3	2026: A1. '26-27: Sunset YAS EO26. For >200%, full state subsidy in 2027, none in 2028					19% (263k)	27% (237k)	\$84	\$19

# 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 plan year 2026 parameters for the State Reinsurance Program, [as presented] or [as amended]:

- An attachment point of \$24,000;
- A coinsurance rate of 80%;
- A reinsurance cap of \$250,000; and
- A dampening factor, to be determined by the Insurance Commissioner.

# Appendix



# 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



# 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%
<b>TOTAL</b>		<b>268,735</b>	<b>296,561</b>	<b>104,677</b>	<b>35.3%</b>	<b>17.1%</b>	<b>7.9%</b>	<b>10.0%</b>	<b>18.0%</b>

## 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	<b>\$153,846,800</b>

# 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.

# SRP Payments and Enrollment by Carrier (1/2)

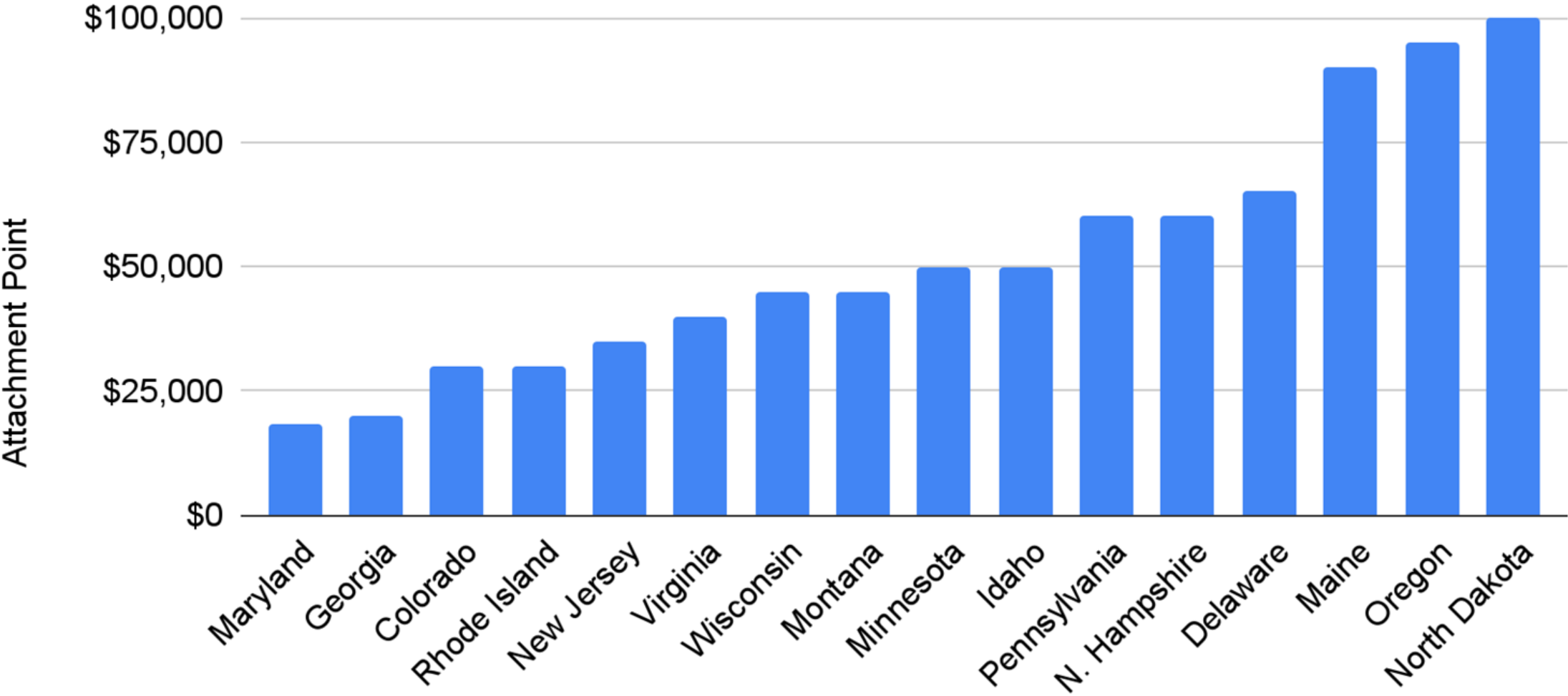
Carrier	# of Enrollees with Claims Reimbursed by the SRP	% of Enrollees with Claims Reimbursed by the SRP	Total SRP Payment	% of Total SRP Payment*	% of Total Market Enrollment
PY 2019					
CareFirst	9,095	79%	\$267,234,734	76%	53%
Kaiser	2,389	21%	\$85,563,864	24%	47%
<b>Total</b>	<b>11,484</b>	<b>100%</b>	<b>\$352,798,597</b>	<b>100%</b>	<b>100%</b>
PY 2020					
CareFirst	10,179	82%	\$317,104,612	79%	62%
Kaiser	2,225	18%	\$83,002,042	21%	38%
<b>Total</b>	<b>12,404</b>	<b>100%</b>	<b>\$400,106,654</b>	<b>100%</b>	<b>100%</b>
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%
<b>Total</b>	<b>14,707</b>	<b>100%</b>	<b>\$467,658,488</b>	<b>100%</b>	<b>100%</b>
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%
<b>Total</b>	<b>15,135</b>	<b>100%</b>	<b>\$484,920,457</b>	<b>100%</b>	<b>100%</b>

\*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%
<b>Total</b>	<b>15,135</b>	<b>100%</b>	<b>\$484,920,457</b>	<b>100%</b>	<b>100%</b>
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%
<b>Total</b>	<b>17,550</b>	<b>100%</b>	<b>\$567,836,479</b>	<b>100%</b>	<b>100%</b>
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%
<b>Total</b>	<b>18,914</b>	<b>99%*</b>	<b>\$638,938,398</b>	<b>100%**</b>	<b>99%*</b>

# 2023 Attachment Points - State Comparison



*Figure 2. Comparison of 2021 Benchmark Plan Monthly Out-of-Pocket Premium Cost for 27-Year-Old in Baltimore City at 250% and 400.5% FPL, With and Without the State Reinsurance Program (SRP)*

