Proposed 2027 Rates, Parameters for Subsidies for the State Reinsurance Program, and the Impact of Federal Legislation on Maryland

Maryland Health Benefit Exchange and Maryland Insurance Administration

A Presentation to the Maryland Health Insurance Coverage Protection Commission

June 29, 2026

MARYLAND HEALTH BENEFIT EXCHANGE

Maryland INSURANCE ADMINISTRATION

Plan Year 2027
Status of Individual and Small Group ACA Markets

A Presentation to the Maryland Health Insurance Coverage Protection Commission
June 29th, 2026

Presenters:
Marie Grant, Commissioner
Adam Zimmerman, Senior Actuary

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General Rate Review Process

1. Maryland Insurance Article § 11-603(c)(2) requires that rates must not be excessive, inadequate, or unfairly discriminatory and ***must be reasonable in relation to benefits.*** Otherwise, the Commissioner "…shall disapprove or modify a proposed premium rate filing."

2. Begin by reviewing 2025 experience period claims and comparing to past years claims and to what carrier's had previously projected when setting 2025 rates. Obtain analyses from carriers that help normalize for confounding variables and understand drivers of past year's experience.

General Rate Review Process

3. Review assumptions used to project experience period claims. “Actuarial Standards of Practice” (ASOP) # 8 describe an approach where assumptions need to be supported and reasonable both individually and in aggregate.

4. Key assumptions for 2027 include
   1) claims trend (both cost and utilization),
   2) morbidity (relative health status of the pool),
   3) operating expenses,
   4) profit margin/contribution to reserve,
   5) risk adjustment transfers
   6) reinsurance recoveries under 1332 waiver, and
   7) impact of proposed federal legislation and regulations.

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Timeline for Review – Key Dates

May 18, 2026 was the filing deadline for the individual rates; June 1, 2026 was the filing deadline for the small group rates.

Final vote on state subsidy may shift to August.

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Key Market Trends

1. **Affordable Rates -** Marylanders will continue to have some of the lowest individual market premium rates in the country – largely because of the continued effectiveness of Maryland's 1332 State Innovation Waiver in stabilizing the market.
2. **Comparatively Lower Rates –** Proposed 2027 rates are only 7% higher than the pre-waiver 2018 rates, and the waiver continues to keep rates 30-35% lower than they would be without it. The 13.7% proposed year over year increase is primarily driven by expiring federal tax credits, as well as increased hospital costs.
3. **Decline in Number Eligible for APTC -** the number of those eligible for Advanced Premium Tax Credits has declined from 78% in 2025 to 70% in 2026 - due primarily to HR 1 restricting eligibility for APTC for legally present immigrants earning less than 100% FPL.

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Key Market Trends (Continued)

4. **State Subsidy Program** - The State created a subsidy program for all who have incomes under 400% of the federal poverty level ***for 2026 and 2027*** to help offset the expiration of the enhanced federal subsidies.

   The subsidy program will:

   - Replace 100% of the enhanced federal subsidies for those under 200% of the federal poverty level.
   - Phase subsidies from 100% replacement down to 50% replacement for those between 200% and 250% of the federal poverty level.
   - Replace 50% of enhanced federal subsidies for those between 250% and 400% of the federal poverty level.

Those earning more than 400% of the federal poverty level will **not** be eligible for subsidies.

These numbers reflect the current proposal from MHBE, but may change due to funding availability.

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What's Been Proposed – 2027 Individual ACA

1. Carriers have proposed an average rate increase of 13.7%. This ranges from 12.0% to 14.6% by carrier.
2. Carriers are seeing an overall pricing trend of 7.2%. This comprises 7% for both hospital, and professional costs, and 7.2% on prescription drugs.
3. Morbidity is one of the main drivers of the proposed increase, with enrollment expected to fall 10.6 % from the 2025 record level. The healthier members are more likely to lapse when premiums rise, leaving behind a risk pool approximately 7.7% sicker according to carrier projections.
4. A reduction in reinsurance due to the attachment point being raised from $24,000 to $28,000 is contributing approximately 4% upward pressure on rates.

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2027 Individual Average Rate Approvals

Legal Entity	Network Type	Members On & Off Exchange 4/30/2025	Members On & Off Exchange 4/30/2026	% Change In Members vs 4/30/2025	4/30/2026 Market Share	Approved 2025 Average Rate Change	Approved 2026 Average Rate Change	Filed 2027 Average Rate Change
CareFirst BlueChoice	HMO	126,167	126,783	0.5%	44.8%	5.1%	13.6%	14.3%
CareFirst GHMSI	PPO	8,871	9,552	7.7%	3.4%	8.6%	13.1%	14.6%
CareFirst CFMI	PPO	13,401	13,915	3.8%	4.9%	8.6%	13.1%	14.6%
Kaiser	HMO	50,959	45,998	-9.7%	16.3%	8.5%	9.8%	12.0%
Optimum Choice (UHC)	HMO	91,134	83,350	-8.5%	29.5%	5.5%	15.2%	13.5%
Aetna Health Inc.	HMO	4,939	0	-100.0%	0.0%	8.8%	N/A	N/A
Wellpoint Maryland, Inc.	HMO	1,090	3,182	191.9%	1.1%	New	10.0%	12.8%
TOTAL		**296,561**	**282,780**	**-4.6%**	**100.0%**	**6.2%**	**13.4%**	**13.7%**
SUBTOTAL (By Insurer)								
CareFirst		148,439	150,250	1.2%	53.1%	5.6%	13.5%	14.3%
Kaiser		50,959	45,998	-9.7%	16.3%	8.5%	9.8%	12.0%
Optimum Choice (UHC)		91,134	83,350	-8.5%	29.5%	5.5%	15.2%	13.5%
Aetna Health Inc.		4,939	0	-100.0%	0.0%	8.8%	N/A	N/A
Wellpoint Maryland, Inc.		1,090	3,182	0.0%	1.1%	New	10.0%	12.8%
TOTAL		**296,561**	**282,780**	**-4.6%**	**100.0%**	**6.2%**	**13.4%**	**13.7%**

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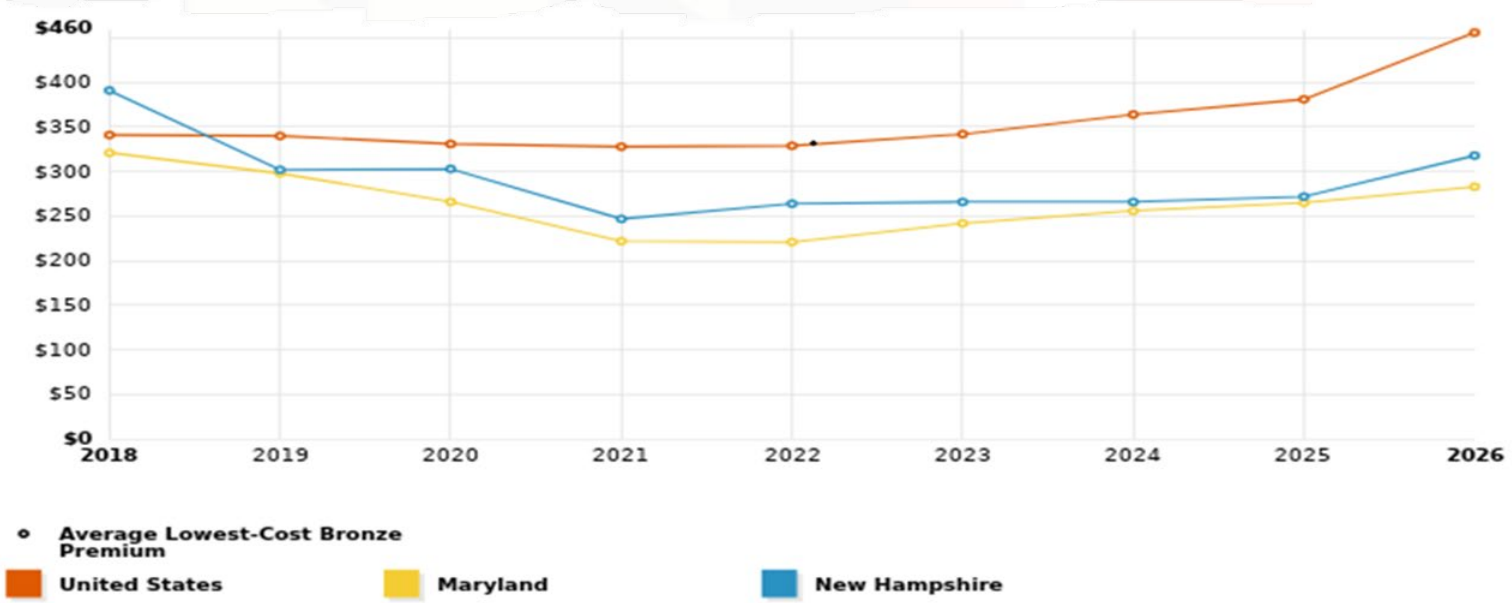
Average Monthly Marketplace Premiums by Metal Tier: Average Lowest-Cost Bronze Premium



SOURCE: KFF's State Health Facts.

Maryland Vs. the US Average

- Prior to Reinsurance (2018), Maryland premiums were slightly below the national average.
- From 2019-2021, the reinsurance program lowered premiums for 3 years in a row, driving Maryland premiums to 30% below the national average.
- From 2022-2025, Maryland rates increased at approximately the same pace as the national average and Maryland maintained a 30% premium advantage.
- For 2026, the advantage increased to 38% because even though we approved a double digit rate increase (13.4%), that percentage was significantly lower than the national average rate increase. A large part of this was driven by the state subsidy program.

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Maryland VS. New Hampshire

- Maryland has had the cheapest bronze premiums in the country since 2022.
- New Hampshire has been the second cheapest state in terms of bronze premiums for the past 7 years.
- Maryland was 17% cheaper than New Hampshire in 2022 – a gap which narrowed to just 1% in 2025.
- In 2026, Maryland is now 11% cheaper than New Hampshire.
- To put the current 13.7% increase in perspective, unless New Hampshire has a 2% or lower rate increase filed, Maryland would still be projected to be the cheapest state in 2027 even if the full 13.7% rate increase were to be implemented.

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What's Been Filed – Individual ACA Dental

- Dental carriers have filed for an average rate increase of 6%.
- This is the highest average dental increase since ACA began and MIA is investigating what is driving the higher dental claims.
- A new dental carrier – Best Life and Health Insurance Company – is entering the market in 2027.

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Individual ACA Dental Requests (2027 Filings)

								Filed
								05/01/26
	Actual	Actual			**Approved**	**Approved**	**Approved**	
	Members	Members	03/31/26		**2024**	**2025**	**2026**	**2027**
	On & Off	On & Off	vs.	03/31/26	Average	Average	Average	Average
Network	Exchange	Exchange	03/31/25	Market	Rate	Rate	Rate	Rate
Type	03/31/25	03/31/26	Δ	Share	Increase	Increase	Increase	Increase
DPPO	6,393	6,034	-5.6%	6%	4.2%	4.2%	-1.6%	0.0%
DPPO	16,138	16,943	5.0%	16%	-3.2%	-5.0%	-2.6%	1.4%
DPPO	37,655	39,533	5.0%	38%	-3.2%	-5.0%	-2.6%	1.4%
DPPO	28,672	28,262	-1.4%	27%	2.0%	9.7%	0.0%	10.4%
DHMO+DPPO	11,250	12,191	8.4%	12%	-1.0%	2.3%	1.0%	19.8%
DPPO	0	0	0.0%	0%	N/A	N/A	N/A	New
	100,108	**102,962**	**2.9%**	**100%**	**-1.3%**	**0.3%**	**-1.4%**	**6.0%**

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What's Been Proposed – Small Group ACA

- The average proposed rate increase is 13.1%, with requests ranging from a low of 4.1% to a high of 20.7%.
- While drug trends remain high at 10.8%, the substantial aggregate market trend of 9.4% is driven by increasing medical costs (hospital trend at 9.3%, professional trend 8.0%).
- Enrollment loss this year was 2%, which was the lowest magnitude enrollment loss for the past 5 years. This may be an indication that the market's enrollment declines are starting to stabilize.

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Small Group ACA Filed Rates (2027)

	Legal Entity	Network Type	Members On & Off Exchange 03/31/25	Members On & Off Exchange 03/31/26	% Change in Members vs 03/31/25	03/31/26 Market Share	Approved 2025 Average Rate Increase	Approved 2026 Average Rate Increase	Filed 1Q27 Average Rate Increase	Filed 2Q27 Average Rate Increase	Filed 3Q27 Average Rate Increase	Filed 4Q27 Average Rate Increase	Filed 2027 Average Rate Increase
1	CareFirst BlueChoice, Inc.	HMO	143,549	144,739	0.8%	73%	3.7%	5.6%	16.2%	16.7%	11.4%	11.4%	13.8%
2	CF GHMSI	PPO	12,449	12,201	-2.0%	6%	6.0%	12.3%	4.7%	4.3%	3.8%	3.4%	4.1%
3	CF CFMI	PPO	9,875	9,792	-0.8%	5%	6.0%	12.3%	4.7%	4.3%	3.8%	3.4%	4.1%
4	United Healthcare of the Mid-Atlantic	HMO	1,554	1,055	-32.1%	1%	8.2%	8.6%	19.0%	20.4%	21.9%	21.4%	20.7%
5	United Healthcare (Optimum Choice)	HMO	4,367	3,677	-15.8%	2%	3.6%	9.1%	17.7%	19.1%	20.6%	20.1%	19.6%
6	United Healthcare (MAMSI)	EPO	8,376	7,886	-5.9%	4%	1.5%	11.0%	18.7%	20.1%	21.6%	21.1%	20.5%
7	United Healthcare Insurance Co.	PPO	13,889	10,682	-23.1%	5%	1.9%	9.7%	18.0%	19.4%	20.9%	20.4%	19.7%
4	Kaiser	HMO	9,188	8,875	-3.4%	4%	8.1%	6.6%	6.6%	6.9%	7.2%	7.5%	7.0%
	TOTAL		**203,247**	**198,907**	**-2.1%**	**100%**	**4.5%**	**6.9%**	**14.7%**	**15.2%**	**11.5%**	**11.4%**	**13.1%**
	SUBTOTAL (By Insurer)												
11	CareFirst		165,873	166,732	0.5%	84%	4.0%	6.5%	14.7%	15.1%	10.4%	10.3%	12.5%
14	United Healthcare		28,186	23,300	-17.3%	12%	2.3%	10.0%	18.3%	19.7%	21.1%	20.7%	20.0%
13	Kaiser		9,188	8,875	-3.4%	4%	8.1%	6.6%	6.6%	6.9%	7.2%	7.5%	7.0%
	TOTAL		**203,247**	**198,907**	**-2.1%**	**100%**	**4.5%**	**6.9%**	**14.7%**	**15.2%**	**11.5%**	**11.4%**	**13.1%**
	SUBTOTAL (By Coverage Type)												
15	HMO		158,658	158,346	-0.2%	80%	4.0%	5.7%	15.7%	16.2%	11.4%	11.5%	13.6%
16	EPO		8,376	7,886	-5.9%	4%	1.5%	11.0%	18.7%	20.1%	21.6%	21.1%	20.5%
14	PPO		36,213	32,675	-9.8%	16%	4.6%	11.4%	9.1%	9.2%	9.4%	9.0%	9.2%
	TOTAL		**203,247**	**198,907**	**-2.1%**	**100%**	**4.5%**	**6.9%**	**14.7%**	**15.2%**	**11.5%**	**11.4%**	**13.1%**

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Level – Funded Plans:
An Overview

Level-Funded Plans

- With the rising cost of health insurance, some small businesses in Maryland are opting for a health insurance option called a **“level-funded health plan.**”
- Essentially, level funded health plans are self-insured arrangements (which can’t be regulated under state law) coupled with a medical stop-loss style insurance product (which can be regulated under state law).
- This type of group health plan may offer lower premiums that appear more affordable. However, it is important for employers to know that level-funded health plans are a type of self-insured arrangement and bring other duties and obligations for the employer.
- **It is also important to know that level-funded health plans lack many of the protections fully insured and small group plans have under Maryland law.**

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Level-Funded Plans (cont.)

In a level-funded plan, the employer typically pays a monthly amount that includes:

- Premium for a health stop-loss insurance policy (a policy in which insurance kicks-in to pay claims only after the employer's medical costs reach a certain dollar amount, either for the individual or for the group as a whole);
- Administrative expenses for use of a provider network and claims processing, paid to a Third Party Administrator (TPA); and
- Estimated costs of claims.

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Example: How Does a Level-Funded Arrangement Work?

1. Based on the employees' current health status, an insurance company estimates a group's annual health care costs (ex: $300,000/per year)
2. Stop-loss amount is set (ex: $500,000)
3. The employer makes a monthly payment to cover estimated health costs, stop-loss insurance, and TPA administration costs.
4. At the end of the year, actual health care costs are higher or lower than what was estimated.
5. The employer is responsible for the difference if the annual claims are higher than the estimate. If annual claims are lower, a refund or rebate may be available, depending on the contract language.
6. Result at renewal: rates will depend on the previous year's experience and could increase substantially for the employer.

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Level-Funded Plans: Key Considerations

- **Certain Claims Excluded from Coverage -** The employer may receive some of the claims funding back at the end of the year; however, in a level-funded plan, the cost of serious illness or injury of one or more employees could lead a small business into financial peril or even bankruptcy because, unlike traditional health insurance, certain types of medical claims are excluded from coverage that you may not expect.

- **Stop-loss doesn't kick in right away -** The stop-loss insurance kicks-in to pay claims only after the employer's medical costs reach a certain dollar amount, either for an individual or for the group as a whole.

- **Extra Employer responsibility -** Employers will have the responsibility to file tax and reporting forms for the health plan.

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Level-Funded Plans: Key Considerations

- **Premiums may rise quickly -** Level-funded plans may have relatively low premiums when employees are healthy. However, if claim amounts increase for any reason, rates may rise quickly.

- **Exempt from state oversight -** Because level-funded plans are not fully insured, they do not have to cover state-required mandated benefits, and they are largely exempt from state regulation (except for the stop-loss portion of the plan).

- **Greater complexity in administration and reporting -** Level-funded health plan administration is often more complex than a fully insured health plan, as the small business with a level-funded plan must meet reporting requirements from the federal Department Labor, the IRS, and CMS in the Department of Health and Human Services.

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Regulation of Medical Stop Loss Plans in Maryland

- Section 15-129 of the Insurance Article provides for minimum attachment points for all stop loss policies in Maryland - $22,500 for a specific attachment point, or aggregate attachment point of less than 120% of expected claims. The law was last updated in 2015.
- The law also contains additional protections for small employers who purchase stop loss policies, such as:
  - Imposing higher cost sharing for specific individuals;
  - Excluding an employee or dependent from a policy or contract on the basis of a health related factor;
  - Guaranteed rates for at least 12 months;
  - And required disclosures.

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Additional Resources

For more information on level-funded plans:

Lunch with MIA: Navigating Health Insurance for Small Businesses in Maryland
www.youtube.com/watch?v=7PSSH4l4Qpg

Level-Funded Plans Public Meeting
insurance.maryland.gov/Consumer/Pages/Level-Funded-Plans-Public-Meeting-November-21.aspx

Maryland Health Connection offers group coverage, and small businesses may qualify for a health insurance tax credit:
www.marylandhealthconnection.gov/smallbusiness

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Other Workgroups and Commissions That Are Addressing Health Care System Challenges

Workgroups and Commissions

In addition to the Health Insurance Coverage Protection Commission (HICPC) several other state workgroups and commissions are currently meeting regarding health care system challenges:

- Commission on Re-imagining Health Care in Maryland (HB 1367, 2026)
  - Advises Marylanders on how to build a modern, affordable, and equal health care system for all residents - likely won't start meeting until next year.
- Advisory Council on Maryland's System of Care for Children, Youth, and Families (HB 1559, 2026)
  - Advises on improvements to the systemic delivery of behavioral and medical healthcare for youth in out-of-home placements and emergency situations.

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Workgroups and Commissions

- Workgroup to study Pharmacy Benefits Managers (HB 813, 2025)
  - Studies PBM practices, drug pricing, and pharmacy reimbursement with the aim of improving transparency in the pricing process.
- Maryland Collaborative to Advance Implementation of Coverage of Over-the-Counter Birth Control (HB 939/SB 674, 2025)
  - Brings together state agencies, health experts, and consumer advocates to ensure over-the-counter contraceptives are easily and affordably accessible to all residents, addressing historical implementation and coverage gaps.
- Workgroup to Study the Rise in Adverse Decisions in the State Health Care System (HB 995/SB 776, 2025 Session)
  - Investigates the growing trend of health insurance claim and prior authorization denials.

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Workgroups and Commissions

- Commission to Study Health Insurance Pooling (SB 547, 2025)
  - Explores merging health insurance purchasing for the state, counties, municipalities, and local school boards. It aims to maximize financial efficiency and cost-saving opportunities while ensuring public employees maintain robust benefits and reasonable premiums.

- AHEAD Model All-Payer Total Cost Of Care Growth and Primary Care Targets (Executive Order & SB734, 2022)
  - Works collaboratively with stakeholders to develop primary care investment targets for all payers and submit primary care investment targets to CMMI under the AHEAD Model agreement for Medicare Fee-for-Service.

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Workgroups and Commissions

- Health Insurance Advisory Board (request of the legislature)
    - Supports public engagement on health insurance matters under the purview of the MIA.

- Joint Commission on Behavioral Health Care Treatment and Access (SB 582, 2023) and the Behavioral Health Advisory Council (SB 174, 2015)
    - These groups meet jointly to shape and oversee publicly funded addiction and mental health care. They are tasked with integrating services, addressing workforce shortages, and ensuring a comprehensive, accessible continuum of care across Maryland.

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Questions?

Appendix

Appendix
Sample 2027 Filings

Sample Individual Premiums
Lowest Bronze

Lowest Cost Bronze Plan - Age 40 Baltimore Metro Region					
Carrier	Network Type	2026 Monthly Approved	% Rate Change	2027 Monthly Requested	Monthly Change
CareFirst BlueChoice	HMO	$339	14.3%	$387	$48
CareFirst GHMSI/CFMI	PPO	$510	15.5%	$589	$79
Kaiser	HMO	$328	9.6%	$359	$31
Optimum Choice (UHC)	HMO	$283	13.4%	$321	$38
Wellpoint Maryland, Inc.	HMO	$332	10.1%	$365	$33

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Sample Individual Premiums
Lowest Silver

Lowest Cost Silver Plan - Age 40 Baltimore Metro Region					
Carrier	Network Type	2026 Monthly Approved	% Rate Change	2027 Monthly Requested	Monthly Change
CareFirst BlueChoice	HMO	$371	17.1%	$435	$63
CareFirst GHMSI/CFMI	PPO	$585	14.0%	$667	$82
Kaiser	HMO	$344	9.6%	$377	$33
Optimum Choice (UHC)	HMO	$342	8.9%	$372	$31
Wellpoint Maryland, Inc.	HMO	$437	12.5%	$492	$55

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Sample Individual Premiums
Lowest Gold

Lowest Cost Gold Plan - Age 40 Baltimore Metro Region					
Carrier	Network Type	2026 Monthly Approved	% Rate Change	2027 Monthly Requested	Monthly Change
CareFirst BlueChoice	HMO	$452	14.5%	$517	$66
CareFirst GHMSI/CFMI	PPO	$649	14.7%	$744	$95
Kaiser	HMO	$414	11.2%	$461	$47
Optimum Choice (UHC)	HMO	$391	19.6%	$467	$76
Wellpoint Maryland, Inc,	HMO	$404	12.9%	$456	$52

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Sample Small Group Premiums
Lowest Bronze

Lowest Cost Bronze Plan					
Carrier	Network Type	2026 Monthly Approved	% Rate Change	2027 Monthly Requested	Monthly Change
CareFirst BlueChoice	HMO	$381	19.3%	$455	$74
CareFirst GHMSI/CFMI	PPO	$526	3.2%	$543	$17
Kaiser	HMO	$368	5.2%	$388	$19
United Healthcare (MAMSI)	EPO	$483	17.0%	$566	$82
United Healthcare (Optimum Choice)	HMO	$452	16.6%	$527	$75
United Healthcare of the Mid-Atlantic	HMO	$468	17.2%	$548	$80
United Healthcare Insurance Co.	PPO	$514	16.4%	$598	$84

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Sample Small Group Premiums
Lowest Silver

Lowest Cost Silver Plan - Age 40 Baltimore Metro Region					
Carrier	Network Type	2026 Monthly Approved	% Rate Change	2027 Monthly Requested	Monthly Change
CareFirst BlueChoice	HMO	$464	16.7%	$541	$78
CareFirst GHMSI/CFMI	PPO	$582	8.1%	$629	$47
Kaiser	HMO	$409	4.9%	$429	$20
United Healthcare (MAMSI)	EPO	$511	18.7%	$606	$95
United Healthcare (Optimum Choice)	HMO	$480	17.5%	$564	$84
United Healthcare of the Mid-Atlantic	HMO	$496	18.5%	$588	$92
United Healthcare Insurance Co.	PPO	$545	17.7%	$641	$97

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Sample Small Group Premiums
Lowest Gold

Lowest Cost Gold Plan – Age 40 Baltimore Metro Region					
Carrier	Network Type	2026 Monthly Approved	% Rate Change	2027 Monthly Requested	Monthly Change
CareFirst BlueChoice	HMO	$570	16.8%	$666	$96
CareFirst GHMSI/CFMI	PPO	$679	9.1%	$741	$62
Kaiser	HMO	$479	7.2%	$513	$34
United Healthcare (MAMSI)	EPO	$554	20.2%	$666	$112
United Healthcare (Optimum Choice)	HMO	$519	20.7%	$627	$108
United Healthcare of the Mid-Atlantic	HMO	$535	20.7%	$646	$111
United Healthcare Insurance Co.	PPO	$588	19.9%	$704	$117

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Contact Information

Maryland Insurance Administration

800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)

insurance.maryland.gov

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Market Landscape and Federal Updates & State-Based Subsidy and Reinsurance

Health Insurance Coverage Protection Commission

June 29, 2026

Maryland Health Benefit Exchange

Johanna Fabian-Marks, MHBE Deputy Executive Director

MARYLAND HEALTHBENEFIT EXCHANGE

MHBE Overview

- Independent unit of state government, established in 2011 in accordance with the 2010 Affordable Care Act
- Maryland's designated State Marketplace, operates **Maryland Health Connection**
- Vision: High-quality, affordable health coverage for all Marylanders
- Only source of financial assistance for people in the individual market
  - Federal subsidies - Advance Premium Tax Credit (APTC)
  - Maryland State Premium Assistance program
- Serves almost 1 in 4 Marylanders
  - **221,919** enrollees in individual market as of May 2026
  - **1.16 million** in Medicaid
- Supports Maryland small business owners and employees
- Provides access to stand alone dental and vision health plans

Market Context & Challenges

Challenges

- **Premiums**: upward pressure in individual and small group markets
  - Increasing health care costs
  - End of enhanced premium tax credits
  - Enrollment is shifting from Gold to Bronze plans (≈$1,000 to $10,000 deductibles)
  - Current state funding cannot sustain 2026 levels of individual market support in future years
- **Enrollment**: Downward pressure across the spectrum
  - Medicaid and APTC eligibility changes restrict noncitizen eligibility and add red tape
  - Ongoing decline in small group market enrollment ➜ shift towards individual market could put pressure on affordability program
- **Adverse selection**: Higher premiums and lower enrollment compound
- **Operational lift** required to implement Medicaid and APTC eligibility changes; sustaining adequate **funding** in future years
- **Communicating** complex enrollment changes; maintaining **trust** with enrollees

Overview of Federal Changes Impacting Marketplaces

New federal rules makes **enrollment more difficult, restrict eligibility, reduce affordability**, and ultimately discourage healthier people from enrolling, resulting in a more expensive risk pool.

CMS Marketplace Program Integrity (PI) Final Rule
Published June 25, 2025

Budget Reconciliation Bill (H.R. 1 / OBBBA)
Signed into law July 4, 2025

Expiration of Enhanced Premium Tax Credits
December 31, 2025

2027 Notice of Benefit and Payment Parameters
Published May 20, 2026

Medicaid Community Engagement Requirements IFR
Published June 30, 2026

Major Marketplace Provisions from 2025 and 2026

- **Aug 1, 2025: Rescinds DACA eligibility** for Marketplace enrollment and financial assistance **(PI Rule)**
- **Jan 1, 2026: Eliminates subsidy eligibility for income-based SEPs** - including the monthly<150% FPL SEP **(H.R.1)**
- **Jan 1, 2026: Eliminates APTC eligibility for lawfully present immigrants <100% FPL.** *Impact: 20,000* **(H.R. 1)**
- **Fall 2026 for Plan Year (PY) 2027: Shortens Open Enrollment Dates** beginning 2027 OE **(PI Rule)**

Major Marketplace Provisions from 2027 and 2028

- **Jan 1, 2027: Eliminates APTC eligibility for many lawfully present immigrants**: Limit eligibility for APTC to lawfully present immigrants who are green card holders, COFA migrants, and certain Cuban/Haitian immigrants. Eliminates eligibility for many lawfully present immigrants including refugees, asylees, and people with Temporary Protected Status. **(H.R.1)**
  - Similar limits for Medicaid effective October 1, 2026

- **Tax year 2026 (PY2027): Recapture of excess premium tax credits -** requires that recipients repay the full amount of any excess, regardless of income **(H.R. 1)**

- **Jan. 1, 2028: Pre-enrollment verification of eligibility**: Requires new and renewing consumers to verify their information and resolve any data matching errors before receiving APTC. Functionally ends auto-renewal. **(H.R.1)**

2027 Notice of Benefit and Payment Parameters Final Rule

New Provisions:

- **Allow Exchanges to certify non-network plans** as qualified health plans *(optional for State-based Marketplaces)*
- **Bronze & Catastrophic Plan Changes**
  - Allow contracts of up to 10 years in catastrophic plans (instead of 1)
  - Allow bronze and catastrophic plans to raise their cost-sharing above the statutory MOOP limitations (up to 130% or $15,400 in PY2027)
  - Expand eligibility for catastrophic plans to all ages for consumers not eligible for APTC and CSRs (below 100% FPL and above 250% FPL) (*state flexibility for SBMs)*

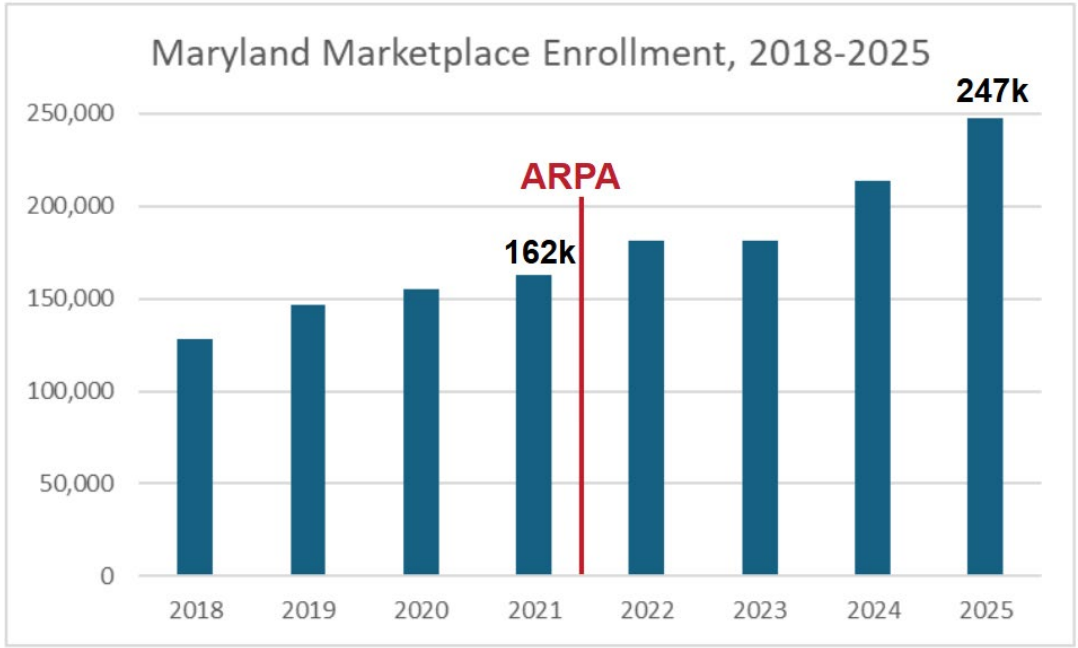
Re-Introduction of *Court-Stayed Provisions* from 2025 Program Integrity Rule*

- Remove APTC for **one year of failure to file and reconcile (FTR)**
  - MHBE is not implementing this for tax year 2025 due to the court stay
- I**ncrease income verification requirements:**
  - Required income verification when income is below 100% FPL or when tax data is unavailable, creating more income-based data matching issues (DMI) that require manual verifications

*MHBE still evaluating how to proceed with the reintroduced provisions from the 2025 PI Rule that were never implemented as a result of the court-stays, which are still in effect.

Increased Costs This Year - Enhanced PTC not Renewed

- Congress enhanced federal premium tax credits for **2021 through 2025**
- Increased eligibility for and generosity of Marketplace financial assistance
- Enhanced premium tax credits (ePTC) expired Dec 31, 2025
  - The tax credits make health plans significantly more affordable for Marylanders.



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Without these tax credits health plan premiums increased and the Marketplace has experienced enrollment losses.

State Subsidy Updates and 2026 Marketplace Enrollment Trends

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

PY 2026 State Subsidy Parameters

Marylanders who earn **less than 200% FPL** will receive the most help - the new program will fully replace lost ePTC.

Marylanders who earn **up to 400% FPL**, the new program will replace 50% of lost ePTC

Continue 2025 Young Adult Subsidy parameters.

No state subsidy above 400% FPL

Income Thresholds:

Household Size	200% FPL	400% FPL
1 person	$31,300	$62,600
4 people	$64,300	$128,600

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State Subsidy Program: Overview

Enrollees w/state subsidy	Avg. monthly state subsidy	Enrollees w/state subsidy (%)
154,567	**$93.62** PMPM	**70%**

Enrollment Growth April ‘22 - ‘25: Young Adults 18-34 vs Other Ages

	April 2022	April 2026	Change (%)	Change (#)
Total, all ages	175,192	221,488	+26%	46,296
All ages, excl. 18-34	127,347	155,028	+22%	27,681
18-34	47,845	66,460	+39%	18,615

Impact of 2026 State Subsidy - Estimated Vs. Actual Enrollment Declines

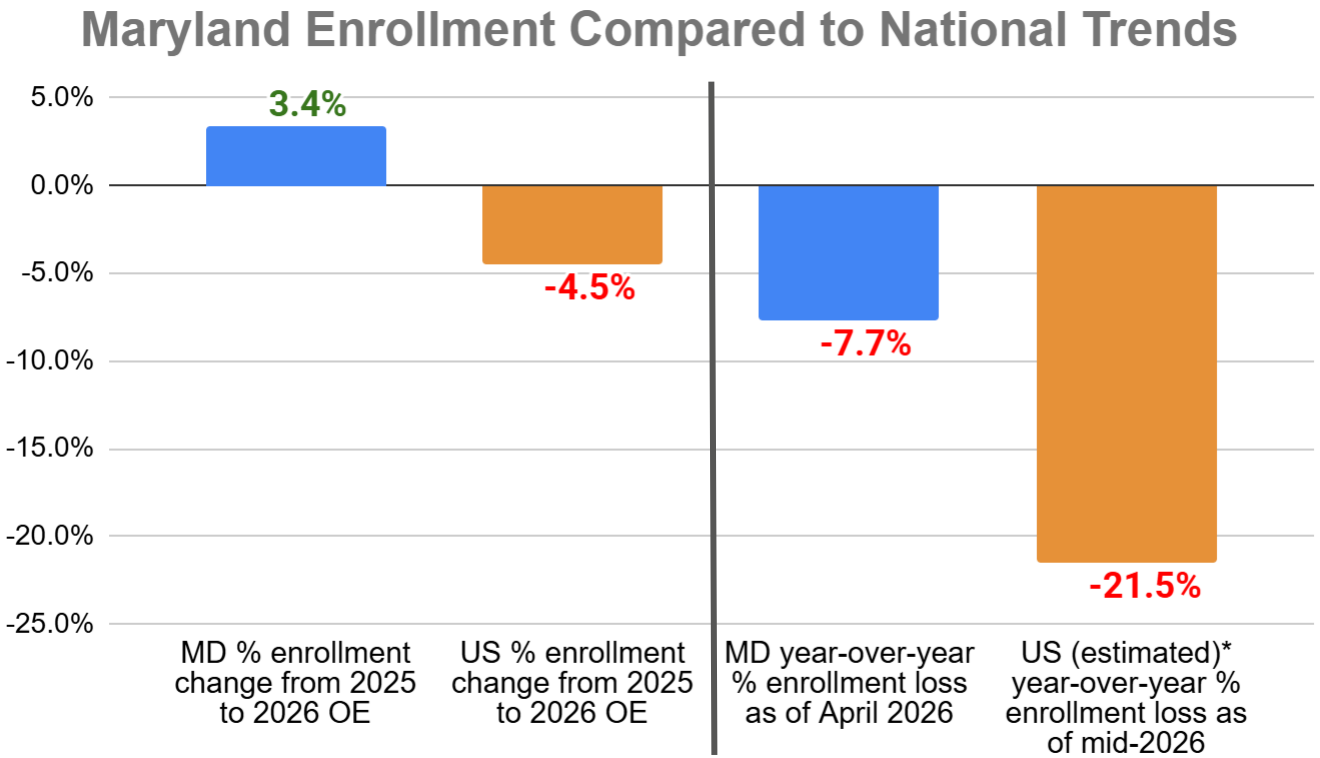
Estimated Individual Market Coverage Declines in 2026

- Approx. 110,000 enrollees (34% of individual market) would no longer be able to afford coverage and go uninsured, absent state or federal action
  - 90,000 due to ePTC expiration + 20,000 lawfully present non-citizens with income under 100% FPL due to losing eligibility for APTC
- With MD's state subsidy in 2026, we expect to be able to retain about 60,000 enrollees, limiting coverage losses to about **50,000 individuals**

Actual Marketplace Coverage Declines year over year as of April 2026

- 18,502 (7.7% of Marketplace enrollment).
- As expected the majority of lawfully present non-citizens no longer eligible for APTC have dropped coverage this year. *However the state subsidy has successfully retained coverage for the population still eligible for financial assistance in 2026.*

Maryland Vs. National 2026 Enrollment Trends



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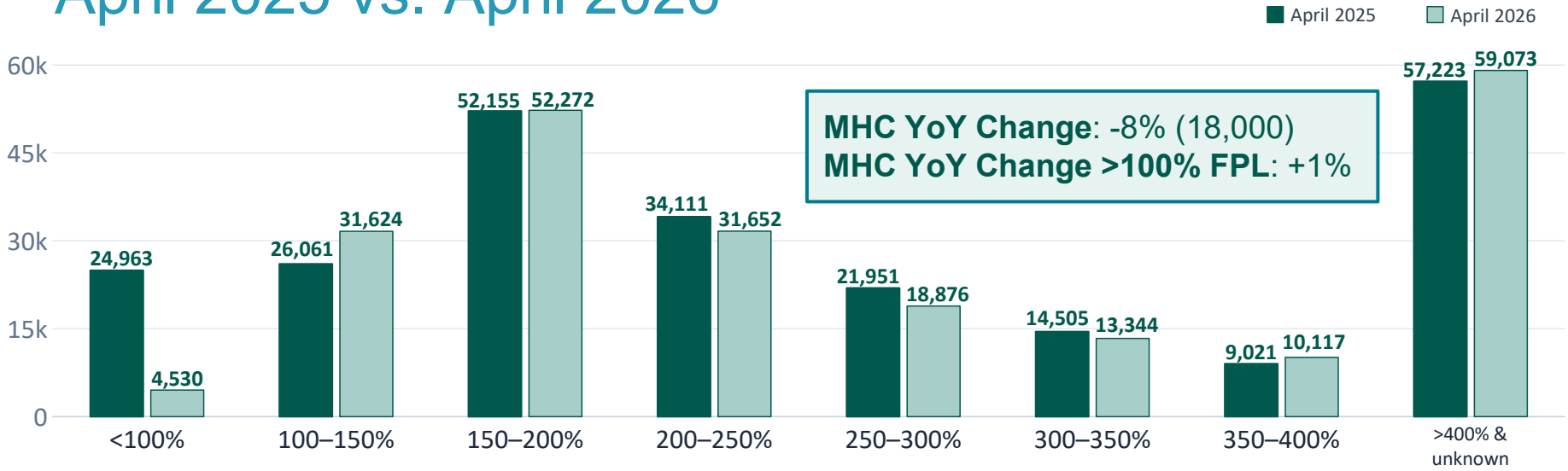
*https://www.kff.org/affordable-care-act/what-we-know-so-far-about-2026-aca-marketplace-enrollment-premiums-and-deductibles/

Individual Market Enrollment by FPL: April 2025 vs. April 2026



	<100%	100–150%	150–200%	200–250%	250–300%	300–350%	350–400%	>400% & unknown	Total
April 2025	24,963	26,061	52,155	34,111	21,951	14,505	9,021	57,223	239,990
April 2026	4,530	31,624	52,272	31,652	18,876	13,344	10,117	59,073	221,488
Change	▼ 82%	▲ 21%	▲ 0%	▼ 7%	▼ 14%	▼ 8%	▲ 12%	▲ 3%	▼ **8%**
	Lost ePTC	Full ePTC replacement		~75% ePTC	50% ePTC			Lost ePTC	

MARYLAND HEALTHBENEFIT EXCHANGE

MHC Enrollment Source: MHBE Executive Data Reports, April 30, 2025 and April 30, 2026. 100–138% and 138–150% FPL combined into 100–150%. '>400% FPL' and 'Unknown' combined. Estimated FFM enrollment YoY change from ACA Signups, May 12, 2026.

Average Net Monthly Premium by FPL: April 2025 vs. April 2026

FPL Band	April 2025	April 2026	$ Change	% Change
<100% FPL	$45.17	$57.92	▲ $12.75	▲ 28.2%
100–150% FPL	$45.39	$37.70	▼ $7.69	▼ 16.9%
150–200% FPL	$60.08	$55.93	▼ $4.15	▼ 6.9%
200–250% FPL	$82.22	$103.84	▲ $21.62	▲ 26.3%
250–300% FPL	$136.49	$186.93	▲ $50.44	▲ 37.0%
300–350% FPL	$198.17	$234.71	▲ $36.54	▲ 18.4%
350–400% FPL	$252.79	$275.14	▲ $22.35	▲ 8.8%
>400% & unknown FPL	$425.58	$508.29	▲ $82.71	▲ 19.4%
Enrollment-weighted avg.	**$179.07**	**$212.81**	**▲ $33.74**	**▲ 18.8%**

National average net premium increase: 58%

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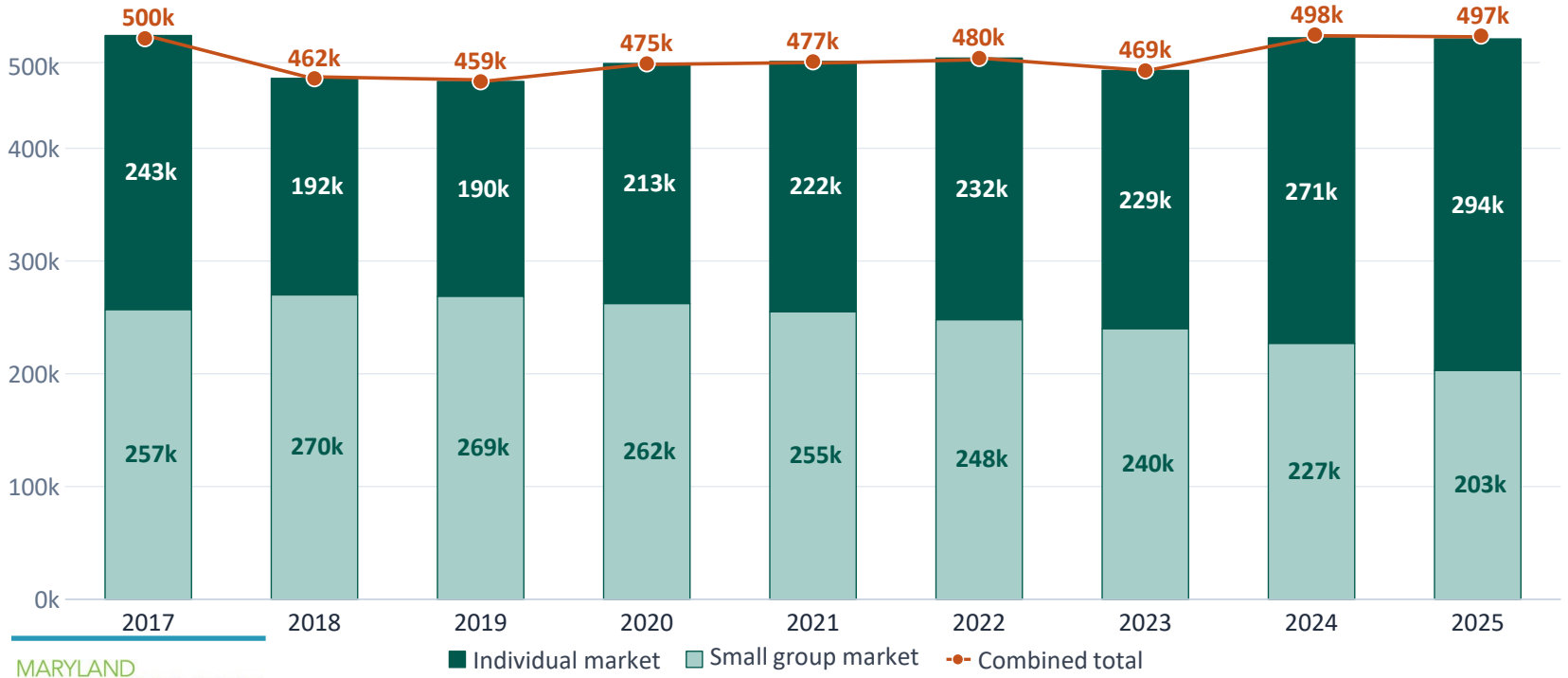
Source: MHBE Executive Data Reports, April 30, 2025 and April 30, 2026. 100–138% and 138–150% FPL combined into 100–150% per source data. '>400% FPL' ($394.59→$304.23, 9,021/88 enrollees) and 'Unknown' ($430.46→$508.59, 57,223/58,985 enrollees) combined using enrollment-weighted average. Enrollment-weighted avg. uses April enrollment counts as weights. National avg net premium increase from https://www.kff.org/affordable-care-act/what-we-know-so-far-about-2026-aca-marketplace-enrollment-premiums-and-deductibles/

Small Group Markets Enrollment Trends and Premium Comparison

In 2026, the lowest cost bronze and gold plans in the ind. market are ~20% cheaper than in the small group market.



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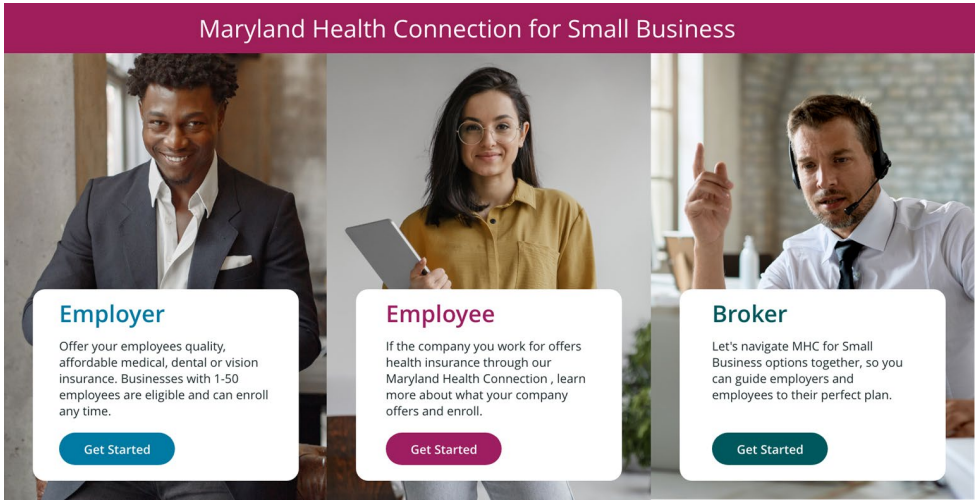
Source: Maryland Insurance Administration annual rate approval press releases and 2022 rate filing exhibits. Enrollment figures reflect mid-year enrollment at time of annual rate filing (approx. June–July of each year). Individual market = ACA-compliant non-Medigap plans. Small group = employers with ≤50 FTEs. Comparative 2026 premium data from https://ideonapi.com/ideon-ichra-insights-by-state

New & Improved MHC for Small Business

- New MHC for Small Business website launched September 2nd, 2025.
- One-stop shop for users to create accounts, manage employees, and enroll in one of three benefit models:
  1. single plan,
  2. all plans from one insurer, or
  3. all plans from all insurers across up to 2 metal levels.



New URL:
www.marylandhealthconnection.gov/smallbusiness

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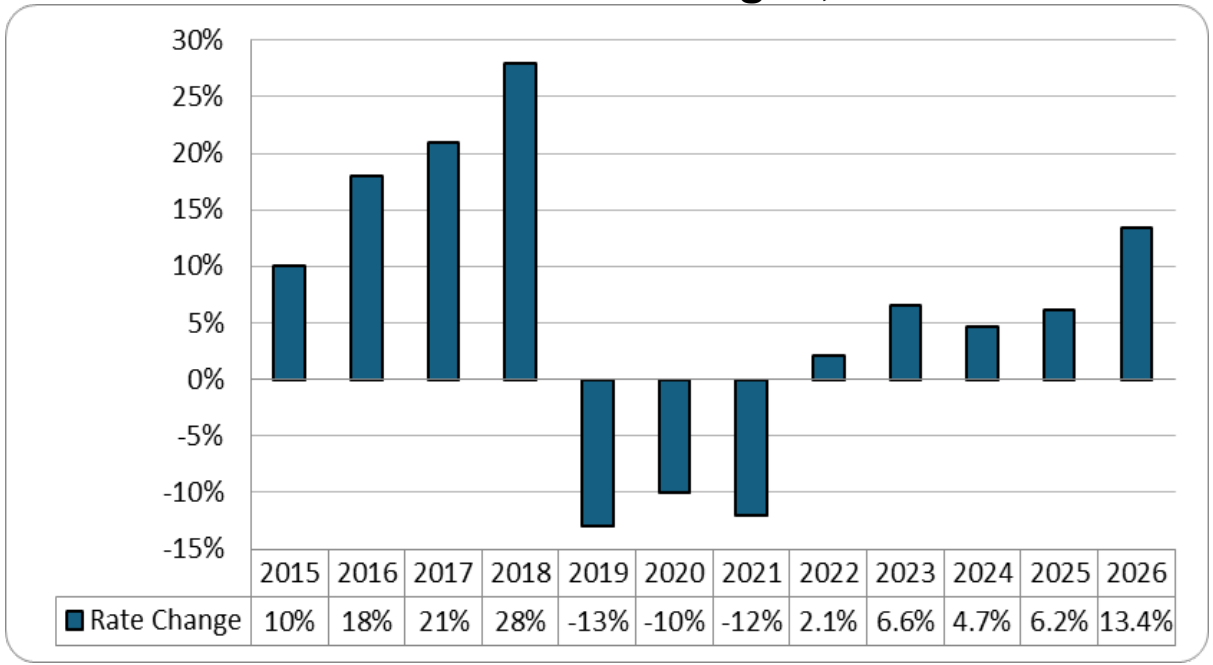
Reinsurance Program Updates

History

- **2014:** ACA market reforms went into effect
- **2014-2018:** Individual market rates increased by double digits
- **2019:** Reinsurance program implemented
- **2026:** *Rates still down more than 6%* compared to pre-waiver 2018, individual market *enrollment up over 40%*

Individual Market Rate Changes, 2015 - 2026



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rate Change	10%	18%	21%	28%	-13%	-10%	-12%	2.1%	6.6%	4.7%	6.2%	13.4%

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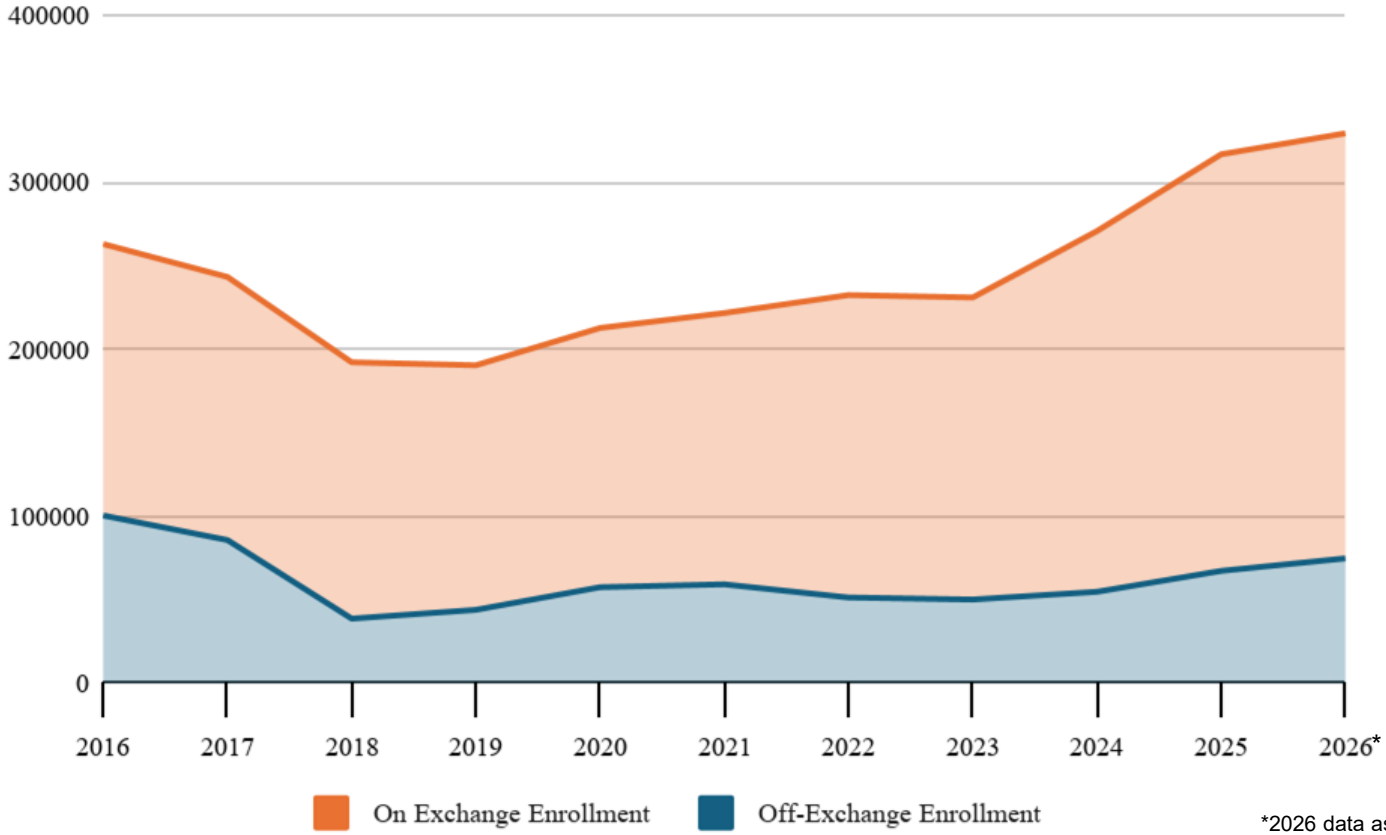
Total Individual Market Enrollment 2014-2026



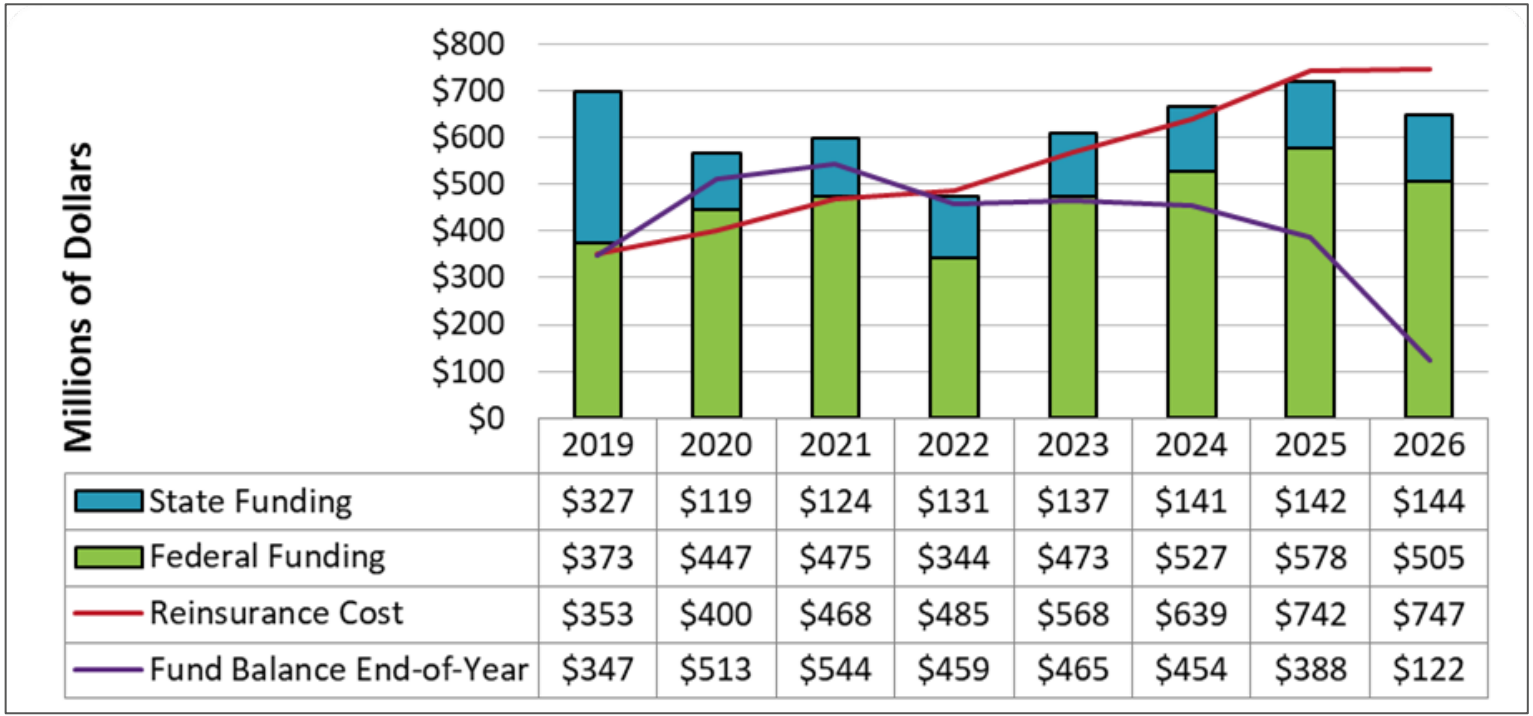
*2026 data as of the end of Open Enrollment. 2016-2025 data is generally as of June of each year.

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 ends Dec 31, 2028.

Reinsurance Funding Experience, 2019-2026

Projected SRP Fund Spending and Funding Considering Final 2026 State Based Subsidy Parameters and Enhanced Federal Premium Subsidies Expiring at the End of 2025, 2019-2026



	2019	2020	2021	2022	2023	2024	2025	2026
State Funding	$327	$119	$124	$131	$137	$141	$142	$144
Federal Funding	$373	$447	$475	$344	$473	$527	$578	$505
Reinsurance Cost	$353	$400	$468	$485	$568	$639	$742	$747
Fund Balance End-of-Year	$347	$513	$544	$459	$465	$454	$388	$122

How Do We Fund Reinsurance + Subsidy?

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.

What's on the Horizon for Reinsurance?

- The Reinsurance Program operates under a 5-year waiver from the federal government
  - The **current waiver period expires Dec. 31, 2028**
  - The 1% reinsurance assessment that provides state funding for the program sunsets at the same time

- In 2026, the MHBE Board will closely monitor state subsidy program expenditures and set 2027 reinsurance and state subsidy structure

- **Legislation is needed this upcoming 2027 Legislative Session** to extend the assessment in order to continue to operate the Reinsurance Program beyond 2028.
  - In **fall 2027, the application to extend reinsurance waiver will be due** to the federal government, if the state wants to extend the program

2027 State Subsidy and Reinsurance Parameters

2027 State Subsidy and Reinsurance Parameters: Status Update

MHBE Board Proposed 2027 Parameters (April)

- Full subsidy to 200% FPL;
- Phase down from full replacement at 200% to 25% at 250% FPL;
- 25% replacement 250-400%;
- Continue Young Adult Subsidy with ‘26 parameters
- Increase attachment point from $24k to $28k

- *Proposal assumed 50% of reinsurance cost savings in emerging January data*

Developments Since April

- 2025 reinsurance cost savings did not materialize
- Waiting for 2026 federal reinsurance passthrough (usually provided ~March)
- HSCRC uncompensated care proposal - vote July 22
- Anticipate finalizing 2027 parameters in mid-August
- Absent additional funding, state subsidy likely will have to be significantly reduced in 2027

Key Dates and Next Steps

- Mid-August MHBE Board meeting: Approve Final 2027 state subsidy, young adult subsidy, and reinsurance parameters
  - *Pending receipt of 2026 pass-through funding from CMS, clarity on other potential funding*
- 2027 legislative session: legislation on reinsurance fee / individual market affordability programs
  - 1% fee and current federal waiver sunset end of 2028
  - To extend waiver, need fee legislation in 2027, submit extension application late ‘27/early ‘28
  - State subsidy sunsets end of 2027
- MHBE working on modeling to share in fall 2026 to inform legislative discussions

Questions?

Appendix

Year-over-Year Enrollment Change by FPL and Metal Level: April 2025 vs. April 2026

FPL band	Bronze	Silver	Gold	Total
<100%	▼ **1,052** 76.3%	▼ **15,394** 81.6%	▼ **3,778** 82.0%	▼ **20,340** 81.5%
100–150%	▲ **218** 15.3%	▲ **6,579** 34.8%	▼ **480** 8.6%	▲ **6,278** 24.1%
150–200%	-	▲ **3,618** 14.9%	▼ **2,690** 12.6%	▲ **710** 1.4%
200–250%	▲ **1,485** 17.5%	▲ **629** 21.9%	▼ **4,406** 19.8%	▼ **2,551** 7.5%
250–300%	▲ **294** 3.5%	-	▼ **3,290** 26.8%	▼ **3,148** 14.3%
300–350%	-	-	▼ **1,323** 16.9%	▼ **1,185** 8.2%
350–400%	▲ **900** 24.1%	-	-	▲ **1,199** 13.3%
>400% & unknown	▲ **2,102** 10.2%	▼ **547** 25.5%	▼ **1,681** 5.2%	▲ **533** 0.9%
Total	▲ **4,056** (7.3%)	▼ **4,766** (6.9%)	▼ **17,532** (15.8%)	▼ **18,504** (7.7%)

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Total column includes all metal levels. Blank cells indicate change of less than 200 individuals.

2026 State Subsidy - Examples of Savings

Household Type	Income	2026 Monthly Silver Plan Premium WITHOUT State Subsidy	2026 Monthly Silver Plan Premium *WITH* State Subsidy	Monthly Savings
One individual, age 30	$39,125 (250% FPL)	$275	$121	$154
Two individuals, ages 61 and 60	$52,875 (250% FPL)	$372	$274	$98

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