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Spending and Use Among Maryland's (Residents) Privately Fully Insured and the Impact on Access to Care and Health Outcomes

What we'll cover

- Drivers of Healthcare Spending among the privately insured
- Out of Pocket Spending patterns
- National Impact of Enhanced Subsidies and H.R.1 on the Individual Market
- Impact on Access to Care and Health Outcomes for the uninsured.
- Appendix

Methodology

- The analysis relies on 2023, 2024, and 2025 data from the Maryland's Medical Care Data Base (MCDB) for Maryland residents who are under 65 years old and are enrolled in privately fully insured health plans. For group policies, insured members who resides out of state are excluded from this analysis
- Service categories are based on the AHEAD High-Level Buckets used for the Total Cost of Care Targets agreed upon by MHCC and HSCRC.
- Prescriptions are normalized or adjusted to be counted based on a 30-day supply of medication.
- Estimates for the impact of H.R. 1 on the ACA individual market was based on Wakely, an HMA Company and national known actuarial consulting company.
- Additional methodology in appendix

Healthcare spending in the **Fully Insured** Commercial Market (Ages Under 65) increases while enrollment decreases for 2025

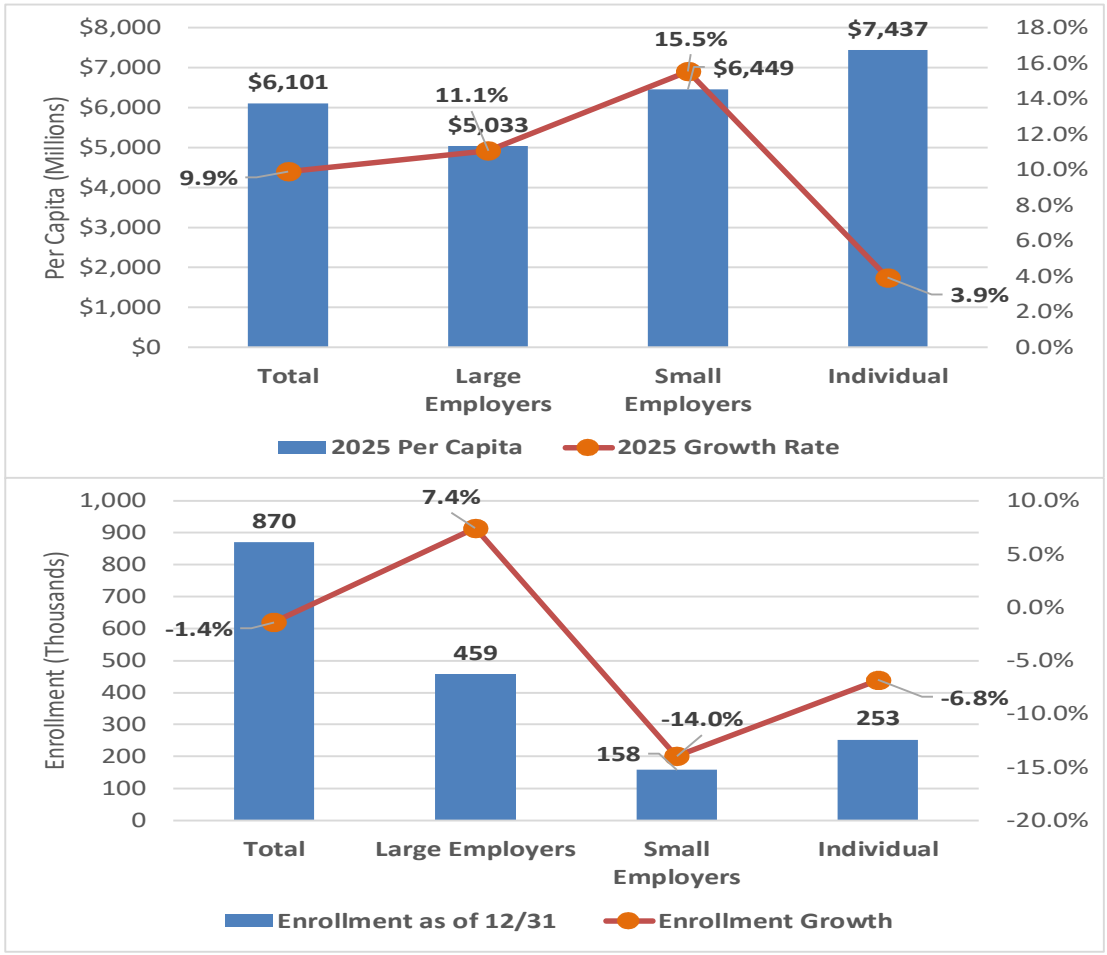
- Per Capita Spending in 2025 at $6,101 compared to $5,552, about a 9.9% increase over a year ago mostly driven by high increases prescription drugs

- Enrollment as of 12/31/2025 was 870K compared to 882K at the end of 2024, about a 1.4% decrease.

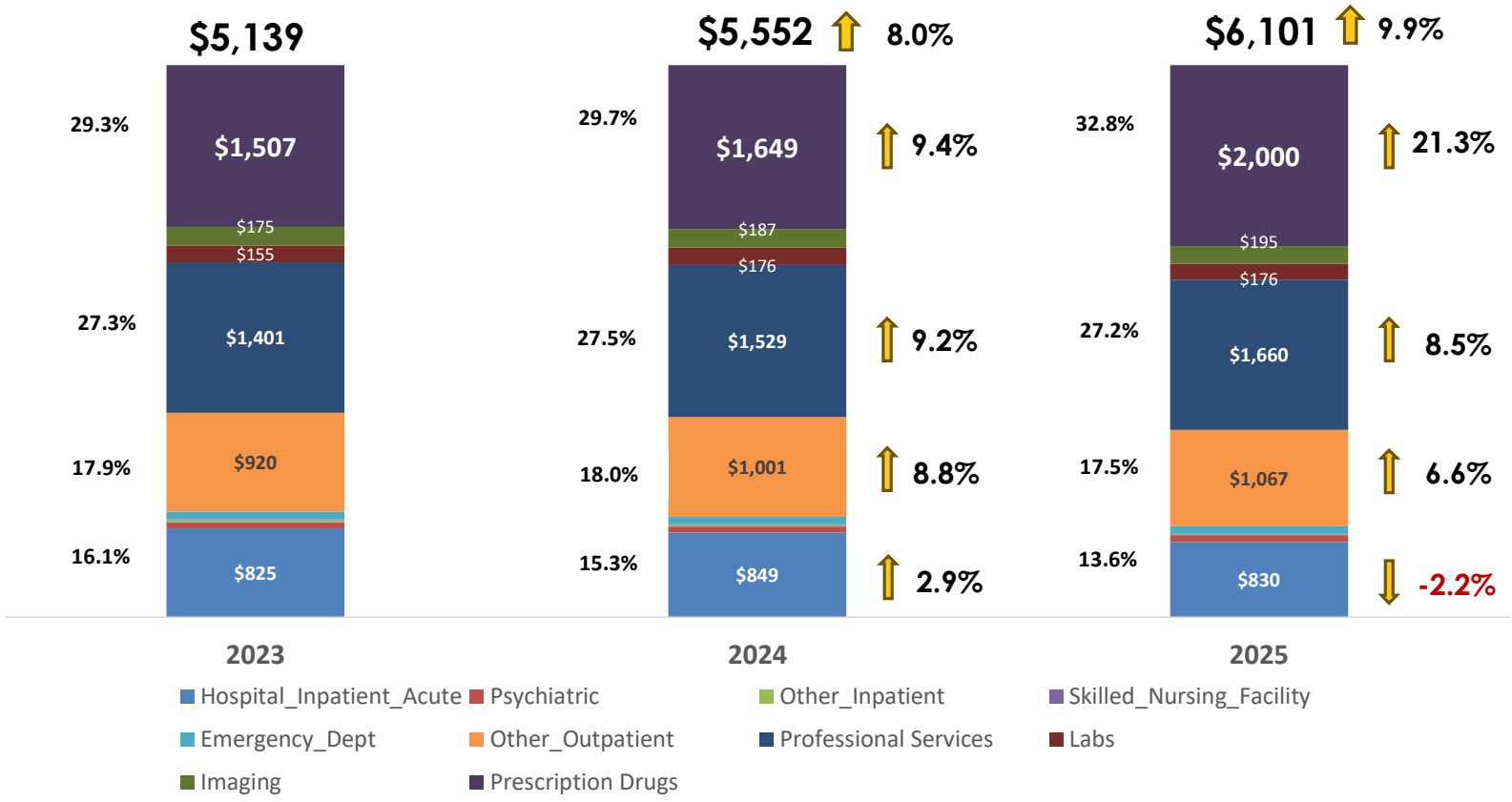
- As per the Shadac survey for Maryland, under 65 uninsured stands at 1,070,696 in 2024 compared to 1,091,490 in 2023, about a 1.9% decrease year over year.

- As per the MCDB, individual market enrollment (on and off exchange) as of 12/31/2025 was 246,618 compared to 263,418 at the end of 2024, about a 6.4% decrease.

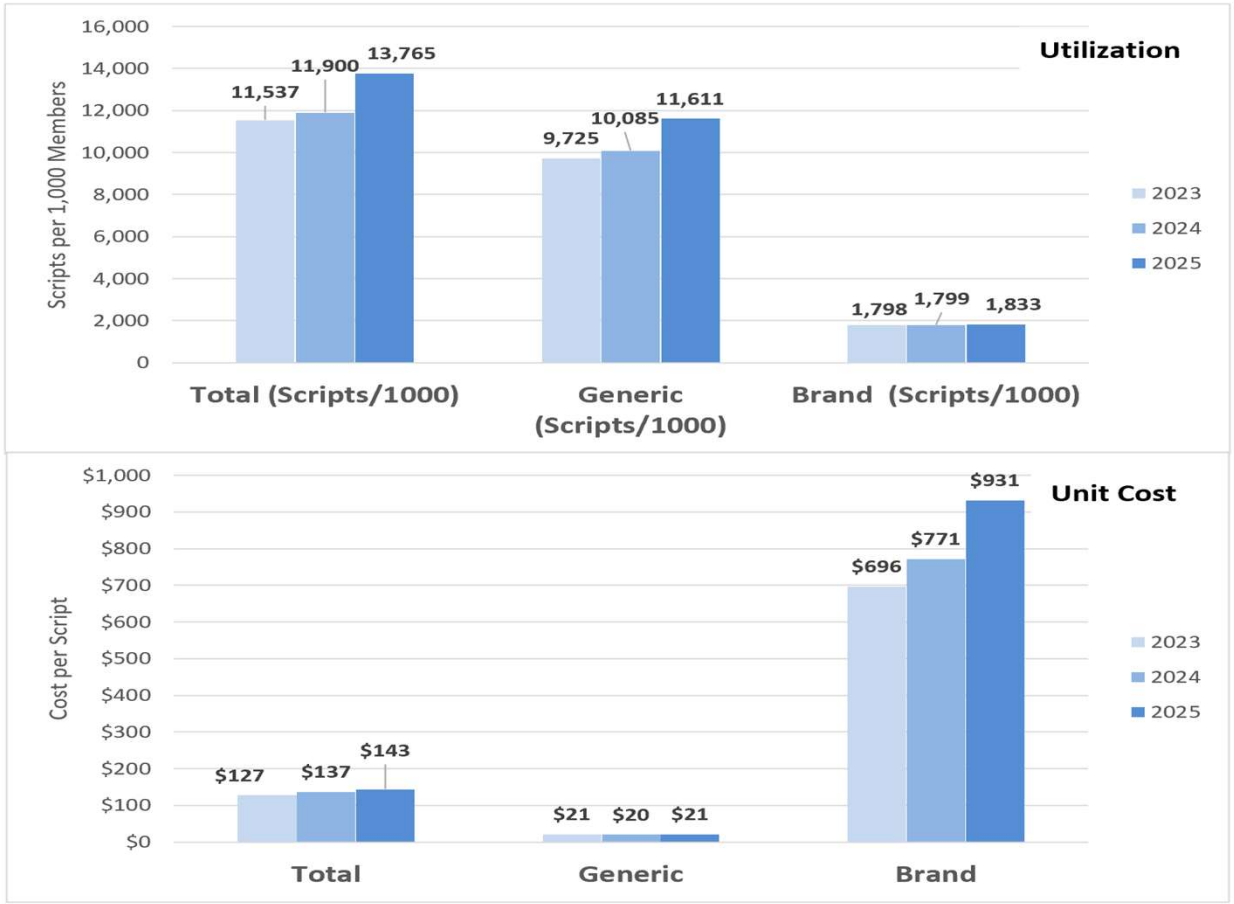
Per Capita Spending and Enrollment by Market Segment, 2025



Spending Per Capita by Service Type, 2023 - 2025

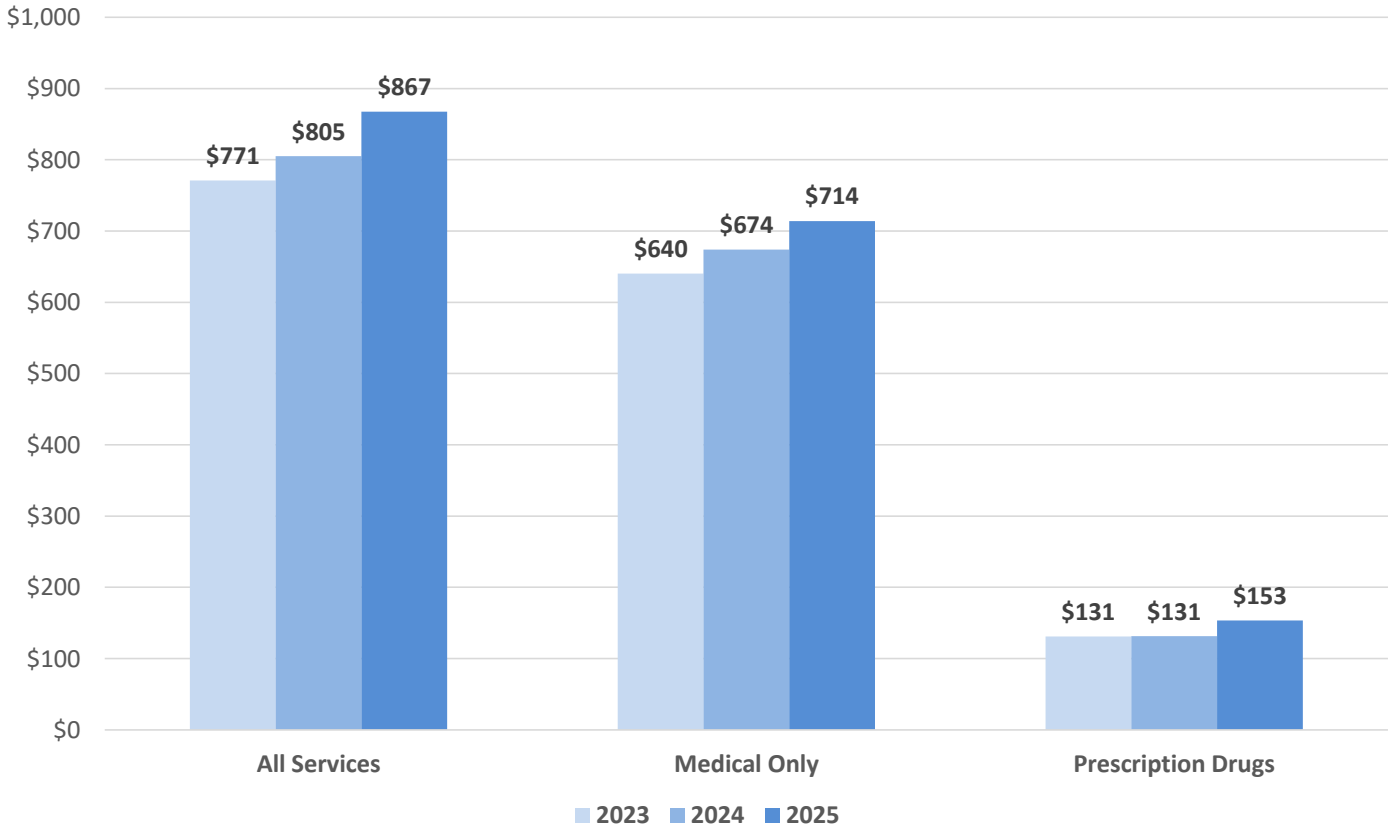


Prescription Drug Use and Unit Cost by Drug Type, All Markets Combined 2023 - 2025

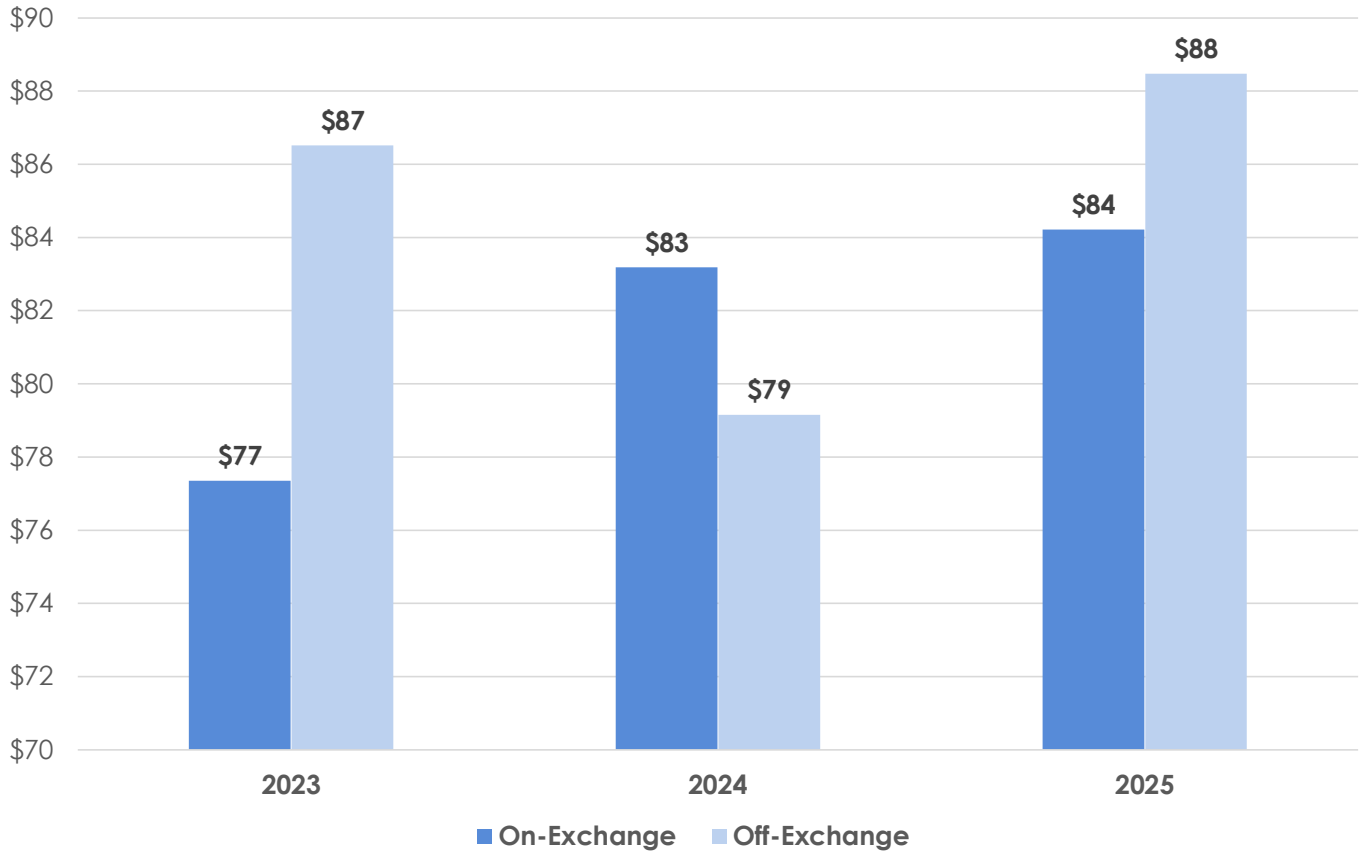


Unknown category (medical supplies) is excluded from the Total calculation

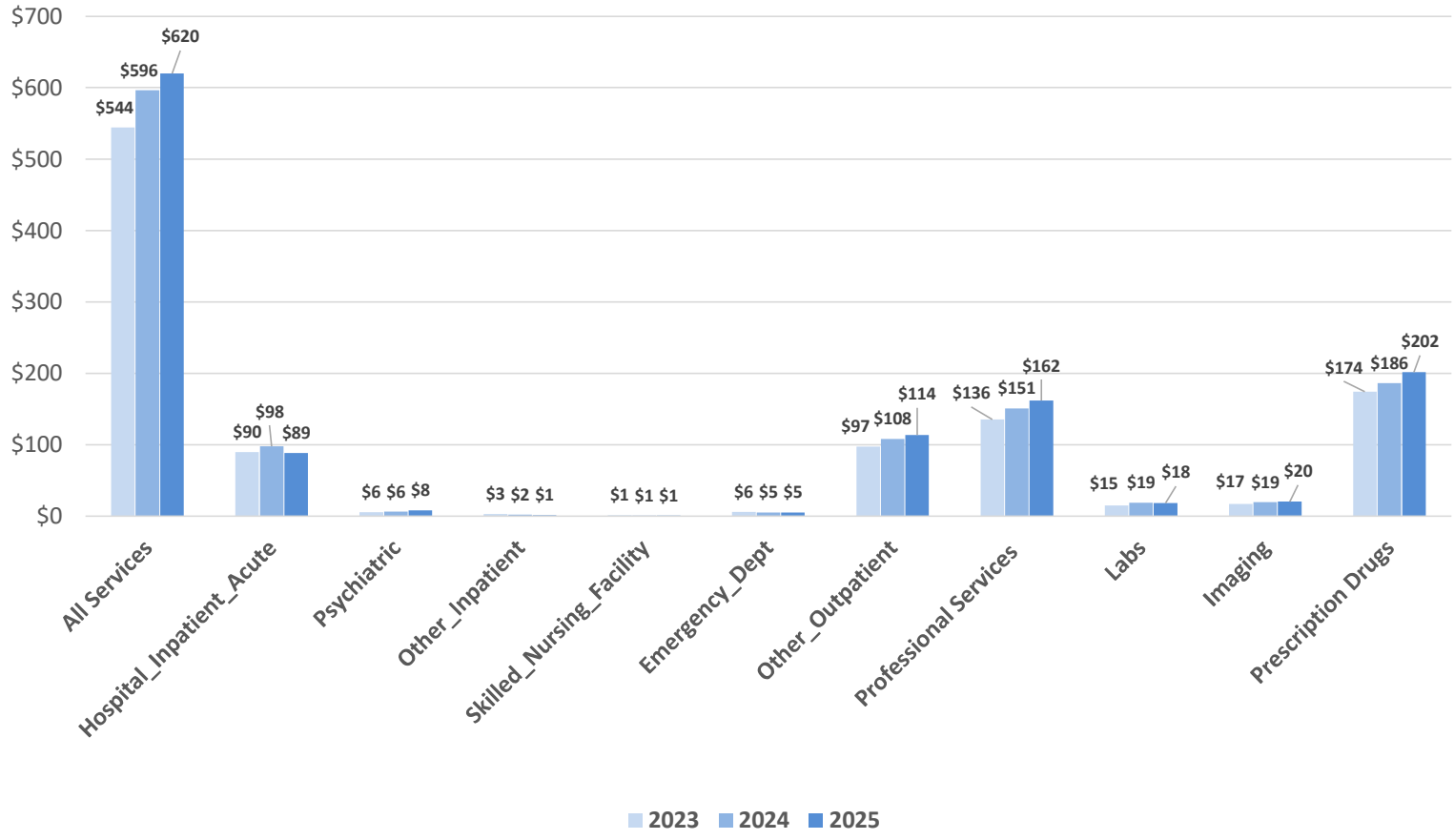
Out Of Pocket Spending Per Capita, 2023 - 2025



Individual Market (Non-GF Plans): Out Of Pocket Spending Per Capita, On-Exchange vs Off-Exchange, 2023 – 2025 – All Services



Individual Market (Non-GF Plans), PMPM spending by Service, 2023 – 2025



National Impact of Expiration of Enhanced Subsidies and H.R.1 on the Individual Market

- On May 22, 2025, the US House of Representatives passed a budget reconciliation bill, H.R. 1.
  - Greatly reduced the number of individuals eligible for premium tax credits (PTCs)
  - Increase the effort required to gain access to PTCs for those who remain eligible
  - Codify into law the proposed Program Integrity and Affordability rule

- Individual Market Impacts:
  - Expiration of the enhanced premium tax credits (ePCTs) which ended 12/31/2025
  - The proposed Marketplace Integrity and Affordability rule which includes:
    - Ending ACA Marketplace coverage eligibility for Deferred Action for Childhood Arrivals (DACA) recipients
    - Shortening the Open Enrollment Period (OEP)
    - Automatic reenrollment into different levels of coverage or into $0 premium plans
    - Changes to special enrollment period eligibility and verification rules.

https://www.wakely.com/blog/new-wakely-white-paper-explores-potential-impacts-of-house-reconciliation-bill-on-aca-individual-market-coverage/

Impact of Enhanced Subsidies and H.R.1 on the Individual Market

- Cost-sharing reduction appropriation for applicable states not covering abortion
- ACA Marketplace eligibility changes for lawfully present immigrants
- Verification policies resulting in the elimination of passive re-enrollment and conditional eligibility for Marketplace financial assistance.

https://www.wakely.com/blog/new-wakely-white-paper-explores-potential-impacts-of-house-reconciliation-bill-on-aca-individual-market-coverage/

Individual Market Impacts: National Range of Estimates by Policy

	Enrollment Losses (in Millions)		Premium Impacts	
Policy	**Low**	**High**	**Low**	**High**
Proposed Program Integrity Regulation	-2.2	-2.2	0.4%	0.7%
Cost-Sharing Reductions Funding	-0.4	-0.4	0.6%	0.6%
Immigrant Population Eligibility Changes	-1.4	-1.6	0.8%	1.2%
Pre-Enrollment Verification and Passive Reenrollment	-1.5	-3.3	0.5%	2.1%
Subtotal H.R. 1	**-5.4**	**-7.4**	**2.3%**	**4.7%**
Enhanced Subsidies	**-6.3**	**-8.3**	**4.1%**	**5.7%**
Overlapping Impacts	+0.5	+2.2	-0.1%	0.0%
Fixed Expenses Increase			0.5%	0.8%
Total	**-11.2**	**-13.6**	**7.0%**	**11.5%**

- These estimates don't account for other factors, such as rising healthcare costs, or issuer market exits, which, in combination, could make the increases significantly higher
- These premiums changes account for morbidity and fixed cost PMPM increases from a smaller base; they do not account for metal level re-sloping, mix changes (e.g., age and region), trends, or reductions due to CSR funding and will vary based on a member's plan selection.

- Enrollment losses between 11.2 and 13.6 million
- Premiums can increase between 7% and 11.5%
- While the full impact of many of the above provisions may not be fully realized until 2028 or later, for simplicity, Wakely estimated a range of steady state effects of all changes as if they were to occur in 2026. The analysis was done as of June 18, 2025.

https://www.wakely.com/blog/new-wakely-white-paper-explores-potential-impacts-of-house-reconciliation-bill-on-aca-individual-market-coverage

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Impact on Access to Care and Health Outcomes

Uninsurance and Barriers to Accessing Care

- Nearly 4 out of 10 uninsured adults (38.6%) reported delaying, skipping, or not getting needed care or medication due to cost in 2024
  - More than double adults with private coverage (17.0%) and those with public coverage (18.8%).
- 16% of uninsured children experienced delayed or forgone necessary care due to cost
  - More than quadruple children with private coverage (3.3%) and those with public coverage (3.8%).
- Among adults with chronic health conditions, uninsured adults were **three to four times more likely** to delay or forgo needed medical care due to cost than adults with the same condition who were insured.
  - 66.5% of uninsured adults with kidney disease delay or forgo needed care due to cost
  - 42.2% of uninsured adults with diabetes delay or forgo needed care due to cost

KFF, 2026, https://www.kff.org/uninsured/key-facts-about-the-uninsured-population/?entry=executive-summary-introduction

Uninsurance and Health Outcomes

- A 1993 study found that uninsured adults faced at 25% higher risk of death as compared with privately insured adults.
- A follow-up 2009 study demonstrated a 40% higher risk of death among uninsured adults as compared to those with insurance.
- However, it is difficult to fully understand how being uninsured affects health
  - Experimental studies can't be done (unethical)
  - Observational studies cannot establish causal relationship
  - People cycle through coverage, diluting the effect and biasing towards the null

Franks et al., 1993, doi:10.1001/jama.1993.03510060083037
Wilper et al., 2009, doi: 10.2105/AJPH.2008.157685

Natural Experiments

- Policy changes can act as natural experiments to understand how changes in coverage can impact health
- However, policy that has negatively impacted coverage is a recent phenomenon, such as Medicaid unwinding in 2023 and now OBBA
- There is a longer history of policy changes that have resulted in a substantial number of people gaining coverage, such as Medicaid expansion, which can demonstrate why access to care is important

Oregon Health Insurance Experiment

- 2008 study that randomly expanded Medicaid coverage to low-income, uninsured adults
- Results:
  - Significantly increased receipt of preventive services, such as a doubling of mammograms
  - Virtually eliminated out-of-pocket catastrophic medical expenditures and reduced the probability of having to borrow money or skip paying other bills because of medical expenses by more than 50%.
  - 30% relative reduction in rates of depression as compared to the control group.

Marino et al., 2017, doi: 10.1016/j.amepre.2015.07.032
Baicker et al., 2013, doi: 10.1056/NEJMsa1212321

Medicaid Expansion under the ACA

- When comparing states that expanded Medicaid versus states that did not, Medicaid expansion was associated with:
  - An increase in early-stage cancer diagnoses
  - Decreased preventable hospitalizations
  - Increased probability of hypertension and cholesterol control
  - Reduction in mortality
    - Medicaid expansion saved 19,200 adults from 2014 to 2017
    - Conversely, 15,600 died prematurely in states that did not expand Medicaid

Soni et al., 2018, doi: 10.2105/AJPH.2017.304166
Wen et al., 2019, doi: 10.1377/hlthaff.2019.00483
Cole et al., 2017, doi: 10.1377/hlthaff.2016.0804
Miller et al., 2021, doi: 10.1093/qje/qjab004

How Losing Coverage Affects Access to Care and Health

- Among currently insured adults, disruption of coverage was associated with lower receipt of preventive services and with medication nonadherence because of cost as compared to adults with continuous coverage.
- A study of Medicaid patients that lost coverage during unwinding but reenrolled into Medicaid a short time later, demonstrated an increased rate in preventable ED visits and hospitalizations, more than double the baseline rate, within the first month of re-enrollment.
  - Without continuous access to care, health conditions can deteriorate, and result in high-cost healthcare usage when a patient regains coverage.
- Disruption in private insurance coverage is associated with a 41% higher risk of death and disruption in public insurance coverage is associated with a 22% higher risk of death.

Yabroff et al., 2021, doi: 10.1016/j.amepre.2021.02.014
MACPAC, 2022, https://www.macpac.gov/wp-content/uploads/2022/07/Effects-of-churn-on-hospital-use_issue-brief.pdf
Yabroff et al., 2022, doi: 10.1001/jamahealthforum.2022.4258

Expected Effects on Access and Health from OBBA

- Based on the findings of the Oregon Health Insurance Experiment, OBBA will likely result in:
  - 1.9 million people losing their personal physician
  - 1.3 million forgoing needed medications
  - 775k women not getting a necessary pap and 380K women not getting a necessary mammogram
- Based on findings of Medicaid expansion under the ACA, OBBA will likely results in:
  - Around 17k preventable deaths annually

Gaffney et al., 2025, doi: 10.7326/ANNALS-25-00716

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Appendix

Definitions of Terms

Data Sources

- MCDB 2023, 2024, and 2025 for privately insured Maryland residents

Market Segments

- **Large Employer**: The large employer market refers to businesses with more than 50 full-time employees
- **Small Employer**: The small employer market refers to businesses with between 2 and 50 full-time employees.
- **Individual**: The individual market refers to members who purchased a health benefit plan directly from an insurer, not through an employer.

Definitions of Terms

Individual Plan Types

- **ACA-Compliant**: Includes non-grandfathered plans only
- **Non-ACA-Compliant**: Includes grandfathered plans only
- **On-Exchange**: Includes ACA-compliant products sold on the Maryland Health Benefit Exchange
- **Off-Exchange**: Includes ACA non-compliant products sold off the Maryland Health Benefit Exchange

Definitions of Terms

Service Type Categories

- **Hospital Inpatient Acute**: Includes non-capitated hospital services for medical, surgical, and maternity.
- **Psychiatric**: Includes mental health and substance abuse
- **Other Inpatient**: Includes ICF, Specialty Facility-Residential services, Swing Bed, and Hospice
- **Skilled Nursing Facility (SNF)**: a special inpatient facility that provides 24-hour medical care, rehabilitation, and professional nursing services by licensed staff, usually following a hospital stay
- **Emergency Department (ED)**: a specialized hospital treatment facility that operates 24 hours a day, 7 days a week. It provides immediate, unscheduled acute care, rapid diagnosis, and stabilization for patients with serious illnesses and life-threatening traumatic injuries

Definitions of Terms

Service Type Categories

- **Other Outpatient**: Includes non-capitated facility services for surgical, lab, radiology, therapy, observation, and other services provided in an outpatient hospital facility setting, including hospital outpatient departments and freestanding medical facilities billed by the facility, SNF outpatient, home health, ASCs, outpatient rehabilitation facilities, and clinics
- **Professional Services**: Includes mental health and substance Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services. This service category also includes “Other Medical” such as non-capitated ambulance, home health care, durable medical equipment (DME), prosthetics, supplies, and other services (excluding vision exams and dental services not collected in the MCDB).
- **Labs and Imaging (radiology services)**: report separately from professional services

Definitions of Terms

Measures and Methods

- **Per Member Spending**: calculated as the total aggregate spending during the calendar year [with three (3) months of claims run-out] divided by the number of years insured for all members. Per member spending for medical services and prescription drugs was calculated separately because not all members had drug coverage. All claims incurred in 2025 but paid through March of 2026 excluded adjustments for incurred but not reported claims
- **Inpatient Facility (hospital inpatient acute, psychiatric, other inpatient, and SNF) Number of Inpatient Days per 1,000 Members:** calculated as the Total Number of Inpatient Days/Total Medical Member Months*1000*12 Months
- **Outpatient Facility (ED and other outpatient) Number of visits per 1,000 Members**: Total Number of Outpatient Visits/Total Medical Member Months*1000*12 months

Definitions of Terms

Measures and Methods

- **Professional Services Number of visits per 1,000 Members**: Total Number of Visits for Professional Services/Total Medical Member Months*1000*12 months
- **Labs and Imaging Number of visits per 1,000 Members:** Total Number Visits for Labs or Imaging Services/Total Medical Member Months*1000*12 Months. These are calculated separately.
- **Prescription Drugs Number of Scripts per 1,000 Members**: Total Number of Prescriptions Filled/Total Prescription Drug Member Months*1000*12 months. Members should be the same as Medical for fully insured.
- **Cost per Prescription**: Total Aggregated Pharmacy Spending/Total Number of Prescriptions.
- **Per Capita Spending**: Total Aggregated Annual Spending/Total Medical Member Months *12
- **Unit Cost**: the insurer's allowed amount for the claim divided by the utilization count (e.g., number of visits, days, services, scripts) for that type of service category or drug.