



**House Bill 1795: Maryland Health Benefit Exchange –
Establishment of a Reinsurance Program**

Position: *Support*

Bill Summary

HB 1795 would require rather than authorize, the Exchange to establish a State Reinsurance Program to provide reinsurance to carriers that offer individual health benefit plans in the State; require that the Program be designed to mitigate the impact of high-risk individuals on certain rates; provide that, beginning on January 1, 2019, funding for reinsurance in the individual health insurance market through the Program may be made from any available State and federal funding source; etc.

MHA Position

Maryland's hospitals support broad-based, continuous health coverage, an essential pillar of the state's unique agreement with the federal government.

For the past five years under this agreement, hospitals have been working to fundamentally transform how health care is delivered, a movement that has yielded significant improvements in controlling costs and improving quality:

- Inpatient admissions are down 8 percent
- Readmissions are down 13 percent
- Hospital-acquired conditions are down nearly 50 percent
- Average annual hospital rate increases average a below-inflation 1.8 percent
- Uncompensated care is down 36 percent, resulting in \$170 million in savings to commercial payers

Key to this transformation is the provision of right care, at the right time, in the right setting. But if patients can't access that care due to a lack of coverage, the system begins to break down, and the gains realized over the past five years will regress.

We appreciate the state's efforts to develop a reinsurance program, and apply for a waiver of section 1332 of the Affordable Care Act to develop a long-term solution to market stabilization. We hope that a waiver will establish a mechanism to maintain and bolster coverage while controlling costs for Marylanders. Through this means, Maryland will be able to leverage federal funds, decreasing the pressure on the state and alleviating the burden on individual Marylanders' monthly insurance premiums.

For these reasons, we urge you to give HB 1795 a *favorable* report.