Maryland
Hospital Association

August 28, 2026

Marie Grant
Insurance Commissioner
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, MD 21202

Dear Commissioner Grant,

On behalf of the Maryland Hospital Association (MHA) and its member hospitals and health systems, I am writing to follow up on our July 16, 2026 letter regarding the Plan Year 2027 premium rate requests for individual and small group market plans filed with the Maryland Insurance Administration (MIA).

The double-digit average premium increases proposed by carriers threaten the affordability of health coverage for Maryland families and small businesses. The proposed increases could also compound expected coverage losses due to H.R.1 and other federal policies, increase the number of uninsured individuals, and shift additional uncompensated care costs onto providers and the health care system. MHA urges MIA to carefully evaluate carriers' assumptions and analyses to ensure the proposed increases are justified and not excessive or unfairly discriminatory. We offer the following additional comments for MIA's consideration in reviewing the rate requests.

State-Based Subsidies
Earlier this month, the Maryland Health Benefit Exchange (MHBE) Board of Trustees voted to maintain the level of premium assistance available to certain individual market enrollees through the state-based subsidy program in Plan Year 2026 for Plan Year 2027. As discussed at the July 23 public hearing on the rate filings, these subsidies have mitigated anticipated enrollment losses due to the expiration of the federal Enhanced Premium Tax Credits (ePTCs). During the hearing, at least one carrier reported a smaller-than-projected decline in enrollment, resulting in a lower morbidity assumption than originally reflected in its 2027 rate filing.[1]

Importantly, the subsidies approved for 2027 are more generous than those contemplated by MHBE when carriers submitted their initial rate filings in June. At that time, the parameters under consideration would have reduced subsidies for individuals with incomes between 200% and 400% of the federal poverty level to half of their 2026 levels.[2] Given the potential impact of these subsidies on enrollment and the composition of the individual market risk pool, MHA

[1] MIA, *Affordable Care Act Proposed Premium Rates for 2027 Public Hearing*, July 23, 2026.
[2] MHBE, *2027 Final State Subsidy and Estimated Reinsurance Parameters*, Aug. 4, 2026.

respectfully requests that MIA ensure carriers' enrollment and morbidity assumptions appropriately reflect the final 2027 subsidy parameters.

Carrier Administrative Costs

As MIA evaluates carrier rate filings, it is important that the review consider not only projected medical claims costs, but also the administrative expenses of operating and administering health plans that are embedded in premiums. These costs represent a meaningful portion of the overall premium dollar and can contribute to premium growth independently of changes in the cost or utilization of health care services. Reviewing trends in administrative spending and ensuring that they are supported by underlying experience can help ensure that consumers and employers are not asked to absorb premium increases driven by avoidable or excessive non-medical costs. A comprehensive review of both medical and administrative cost assumptions is therefore essential to determining whether the proposed rate increases are reasonable and justified.

Carrier administrative costs should also be considered within the broader context of Maryland's affordability goals. It will be important for MIA to provide continued oversight of these expenses if they are not captured in the evaluation of the state's performance relative to its All-Payer Total Cost of Care (TCOC) Growth Target under AHEAD, as currently proposed by the multi-agency Regulatory Working Group. Close evaluation of these costs will help ensure that they do not undermine the state's efforts to improve affordability.

Thank you for the opportunity to provide additional comments. We appreciate MIA's continued work to ensure that health coverage remains accessible and affordable for Marylanders.

Sincerely,

Patrick D. Carlson
Vice President, Care Transformation & Finance

cc: Bradley Boban, Chief Actuary, Maryland Insurance Administration