Health Insurance Down-Payments Would Cover Thousands of Uninsured Marylanders

January 8, 2018

While the federal government attempts to repeal coverage gains achieved through the Affordable Care Act (ACA), Maryland is leading the way on innovative solutions to help more people obtain quality, affordable health insurance. Although Congress has ended federal enforcement of the ACA's individual mandate, Maryland lawmakers propose to reverse this sabotage, transforming the expiring individual mandate into insurance down-payments that help the uninsured get coverage, while lowering costs for people who buy their own insurance today.

This proposal helps Marylanders, both with and without insurance. Thanks to the ACA, the proportion of Marylanders without health coverage fell from 11.3 percent in 2010 to 6.6 percent in 2015. Far too many Marylanders remain uninsured, however, including more than 200,000 people who qualify for Maryland Health Connection (MHC) coverage. Many are eligible for federal financial assistance because their jobs do not provide health benefits and they earn too little to afford insurance on their own. They include real estate agents, farmers, carpenters, child care workers, sales men and women, and other hard-working Marylanders. This proposal helps them combine insurance down-payments and federal financial assistance to sign up for coverage, often available at no additional cost. Many of the uninsured who enroll will be young and healthy adults who improve the risk pool, helping stabilize the market and lower premiums.

Here's how it works:

1. When they file state tax returns starting in 2020, uninsured Marylanders will receive notice that, unless they would rather pay a penalty and get nothing back, their money will be used as a down-payment to help them buy health insurance.

2. For many uninsured consumers, MHC already offers health insurance that costs no more than the down-payment plus federal tax credits for which the consumers qualify. If MHC finds that a consumer can enroll in such a plan at zero additional cost, the consumer is enrolled.

3. If MHC cannot find a zero-cost plan, the consumer's payment is held in an interest-bearing, "escrow" account to buy insurance during the next open enrollment period. When that period starts, MHC reaches out to the consumer and explains the health insurance options that the down-payment could help purchase.

4. If the consumer does not select a plan by the end of open enrollment, MHC checks to see whether a zero-cost plan has become available. If so, the consumer is enrolled in that plan by default.

5. The consumer can use the down-payment only through the end of open enrollment. After that, a "use it or lose it" rule applies, and unused down-payments go into a health insurance stabilization fund.

6. Medicaid will cover uninsured Marylanders whose tax returns demonstrate Medicaid eligibility.