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MARYLAND CITIZENS' HEALTH INITIATIVE

The "Protect Maryland Health Care Act" Will Use Health Insurance Down Payments to Prevent Insurance Costs from Skyrocketing

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The bill will protect Maryland residents who already buy their own insurance—real estate agents, farmers, carpenters, child care workers, sales men and women, and others—from skyrocketing insurance costs that would otherwise result from federal attacks on health care. The bill will also provide health insurance to thousands of Marylanders who lack coverage today.

To replace the federal government's enforcement of the Affordable Care Act's individual mandate, the Protect Maryland Health Care Act will let uninsured consumers use their required payments to buy insurance. Thanks to help from this Maryland legislation, many uninsured who are young and healthy will sign up for coverage. Not only will they get necessary health care, their coverage will help lessen cost spikes for other Marylanders who currently use their own money to buy insurance. Here's how the Act works:

1. **Default enrollment at tax time.** On their state income tax returns, uninsured taxpayers can ask for their information to be shared with the Maryland Health Benefits Exchange to see if they qualify for coverage. Taxpayers who are eligible for Medicaid will immediately enroll. Some with incomes too high for Medicaid will owe money because they were uninsured the prior year. Unless they ask to make a payment to the state for which they get nothing in return, their money will become a down payment to help them buy insurance. If a plan is available at zero additional cost, beyond the down payment plus any federal premium tax credits (PTCs) for which the family qualifies, they will be enrolled right away. More than 60,000 uninsured Marylanders have access to such insurance and will likely receive coverage. If no plan is available at zero additional cost, the down payment is saved in an "escrow account," available to buy insurance during the next open enrollment period.

2. **Prepayment before tax time.** Many uninsured consumers considering signing up during open enrollment will owe money on their next state income tax return. The prepayment option lets them use this money to buy insurance right away. Lump-sum insurance payments during open enrollment are subtracted from amounts due on the upcoming tax return. To estimate what they will owe for lacking coverage, consumers can use a calculator on the Exchange website. Uninsured consumers will learn that, one way or the other, they have to spend a certain amount of money; and that by combining it with PTCs and any additional payments that make sense to the family, they can obtain quality, affordable insurance. Hundreds of thousands of Marylanders could potentially enroll.

3. **Using health insurance down payments after tax time.** If the Exchange cannot find a plan at tax time that is available at zero additional cost, the taxpayer's payment is held "in escrow." Unless the money is used to buy coverage during the next open enrollment period, it goes back to the state. This "use it or lose it" pressure, combined with any PTCs for which the family qualifies, will spur enrollment by many young and healthy Marylanders who do not buy insurance today.

4. **Structuring insurance payments to encourage continuous coverage.** Both prepayments and down payments that consumers use during open enrollment are divided into 12 equal parts and paid to insurers each month. Marylanders who drop coverage mid-year would forfeit the remaining months' insurance payments, effectively throwing away their own money. These "sunken costs" will encourage consumers to continue their insurance throughout the year.

For more information about the Protect Maryland Health Care Act, contact Vincent DeMarco, Maryland Citizens' Health Initiative, demarco@mdinitiative.org.