

1332 Waiver Application, Reinsurance Parameters and Board Resolution

April 16, 2018



Session Topics

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State Reinsurance Program Legislation & Board Action

Senate Bill 1267 / House Bill 1795 – Maryland Health Benefit Exchange - Establishment of a Reinsurance Program:

- Under HB 1795, MHBE is required to apply for, establish, and implement a claims-based State Reinsurance Program to offset the rate impact of high cost enrollees in the individual marketplace.
- Directs the Board of Trustees to determine the parameters of the State Reinsurance Program.
- The MHBE is required to promulgate regulations administering the reinsurance program, no later than January 1, 2019.

State Reinsurance Program Legislation & Board Action

Senate Bill 387 / House Bill 1782 – Health Insurance - Individual Market Stabilization (Maryland Health Care Access Act of 2018):

- Places a 2.75% assessment on carriers to recoup the aggregate amount of the health insurance provider fee that was previously assessed under Section 9010 of the ACA.
- Provides an estimated \$365 million (MIA/OCA) for the State Reinsurance Program.

State Reinsurance Program Legislation & Board Action

State Innovation Waiver:

- Applying for State Innovation Waiver allows the State to access federal pass-through funds to support the State Reinsurance Program.
- A State Innovation Waiver to implement a reinsurance program requires the State to determine a funding level and parameters for the program.

State Innovation Waiver (1332) Application Progress To-date

- MHBE, in consultation with the MIA, has through a contract with DLS, worked with Wakely Consulting Group to model the actuarial and economic analysis portion of the 1332 waiver.
- The Hilltop Institute has prepared the narrative portion of the 1332 waiver, and will handle the 30-day comment period requirements.
- The 1332 waiver narrative and actuarial/economic analysis components are being merged. This is expected to be completed today.
- The preliminary waiver application will be submitted to the Board and will be posted to begin the public comment period by **Wednesday April 18, 2018.**

MHBE Staff Recommendations for Reinsurance Program Parameters

State Innovation Waiver Approach:

After consultation with the MIA, MHBE recommends submitting a State Innovation Waiver Application that includes expected federal pass-through funding in the reinsurance program funding level.

- Raises the funding level of the State Reinsurance Program to \$462 million in 2019.

Reinsurance Parameter Recommendation:

After consultation with the MIA, MHBE recommends the following parameters for the State Reinsurance Program.

Parameter	Recommendation	Rationale
Attachment Point	MHBE recommends that the attachment point be determined at later date. The selected attachment should reflect active stakeholder engagement and the latest data available.	
Coinsurance Rate	80%	Coinsurance rate balances need to mitigate risk while maintaining enough exposure to incentivize care management by the issuer.
Cap	\$250,000	Cap prevents program risk loading. Claims above the cap should be managed closely by the issuer.

MHBE Staff Recommendation:

To support market stabilization and provide premium relief to Marylanders who utilize the individual marketplace to access health insurance coverage, and to supplement Maryland's application for a State Innovation Waiver, MHBE recommends MHBE Board of Trustees approve the *Resolution of the Maryland Health Benefit Exchange Board of Trustees on the 2019 State Reinsurance Program and Submission of a 1332 State Innovation Waiver Application.*

- Post preliminary 1332 State Innovation Waiver Application on marylandhbe.com
- MHBE will soon announce a series of public hearings for the waiver application.
- MHBE will work with stakeholders to ensure a transparent and robust regulatory promulgation process to implement the State Reinsurance Program.