



Maryland 1332 Waiver Hearing

April 26, 2018

Talbot County Department of Parks and Recreation
10028 Ocean Gateway
Easton, MD 21601

Welcome & Introductions

Michele Eberle, Executive Director of the Maryland Health Benefit Exchange (MHBE), welcomed the public to the hearing and introduced herself along with other MHBE staff in attendance. She acknowledged the presence of staff from the Maryland Insurance Administration (MIA), as well as Delegate John Mautz and a staff member from the office of Senator Adelaide Eckardt.

Ms. Eberle provided a brief overview of the proposed state reinsurance program then introduced John-Pierre Cardenas, the MHBE Director of Policy and Plan Management.

1332 Waiver Presentation

Mr. Cardenas began by describing the state legislation enabling the reinsurance program—House Bill (HB) 1795 – Establishment of a Reinsurance Program and Senate Bill (SB) 387 – Maryland Health Care Access Act of 2018. He explained that the reinsurance program’s attachment point is not yet finalized since it depends on the available funding.

Next, Mr. Cardenas described how two outside organizations contributed to the waiver application process. The Wakely Consulting Group prepared the actuarial and economic analysis, and The Hilltop Institute developed the narrative portion of the waiver application.

Mr. Cardenas then provided a basic description of the waiver, explaining that it would reduce premiums by an average of 30 percent in the first year using a combination of state funds and federal pass-through funds. By allowing carriers to factor the reinsurance program into their premium rates, thus reducing those premiums, the MHBE expects the program to result in a 5.8 percent increase in enrollment in 2019.

Next, Mr. Cardenas laid out the four guardrails in which all 1332 State Innovation Waivers must comply. He explained that the proposed reinsurance program would be compliant with these guardrails. He added that, absent the waiver, the average premium is estimated to rise from \$604.50 per month to \$735.66 per month in 2019, whereas under the waiver, the average premium is expected to decrease from \$604.50 per month to \$508.03 per month.

Mr. Cardenas concluded his presentation by describing the upcoming opportunities to gather stakeholder feedback, including three additional hearings in the coming weeks. He noted that there will be additional opportunities for stakeholder involvement in the regulatory process over the summer of 2018.

Q&A/Discussion

Mr. Cardenas then opened the floor for questions and discussion from the attendees.

An attendee asked whether, in the event that the reinsurance program does not meet its savings targets, consumers will have to make up the difference. Mr. Cardenas replied in the negative.

An attendee asked whether the reinsurance program would affect only on-exchange policies. Mr. Cardenas replied that the program would involve all individual market policies, both on- and off-exchange.

An attendee asked whether the 30 percent reduction in average premium is expected in the first year, or averaged over two years. Mr. Cardenas replied that the program is expected to realize the 30 percent reduction in the first year and maintain that level into the second year.

An attendee asked whether the reinsurance program would cover Medigap policies. Mr. Cardenas replied in the negative, noting that the waiver only has jurisdiction over individual market policies governed by the Affordable Care Act.

An attendee asked the likelihood that the waiver program would continue into 2020. Mr. Cardenas replied that the waiver application covers a five-year period, meaning that the program would run from 2019 through 2023, with the opportunity for extensions beyond 2023.

An attendee asked what the MHBE expects to happen with premium prices in 2021 and beyond. Mr. Cardenas replied that, while they do not know exactly what is going to happen at that point, they hope for continued savings. He added that the chief strategy for market health in that extended period is to attract additional insurance carriers into the market and a healthier risk pool.

An attendee, noting that some portion of the funding for this program would come from a fee on insurance companies, asked whether that fee would negatively impact premiums in the group market. Mr. Cardenas replied that, since the fee was already calculated into the rates, the affect on group premium would be neutral.

Public Testimony

Mr. Cardenas then invited any attendee who so desired to offer their testimony for the record.

James Burdick offered the following testimony:

“As a doctor, I’d like to see everybody get health care. And, actually, I meant what I said about Maryland. Congratulations to the work that’s been done and other good things that are happening in Maryland compared to other states, so this isn’t a criticism. But, long run, as I said, stepping back, a national health program, improved Medicare for all, single payer system would get rid of the admittedly confusing, or at least complicated, details and also save money, cover everybody, and improve quality. It’s really true. Senator Pinsky has introduced a bill in the Senate and there is some enthusiasm for a state single-payer bill. I’d like to see a national program, ideally, but I just want to provide that perspective on the complexity and the potential lack of insurance or uncertain insurance for so many Marylanders still, in spite of the great work that you have been doing.”

Closing

Ms. Eberle closed the hearing and thanked everyone who attended.

Participants

Maryland Health Benefit Exchange

Tony McCann, Member, Board of Trustees
Michele Eberle, Executive Director
Andrew Ratner, Chief of Staff
John-Pierre Cardenas, Director of Policy and Plan
Management
Kris Vallecillo, Senior Health Policy Analyst

Maryland Insurance Administration

Todd Switzer, Chief Actuary
Brad Boban, Senior Actuary
Joseph Fitzpatrick, Assistance Chief Examiner

Maryland Department of Health

Robert Neall, Secretary
Nikki Laska, Director, Communications

Maryland General Assembly

Delegate Johnny Mautz
Melissa Einhorn, Office of Senator Addie Eckhardt

Members of the Public

Kathy Ruben
Elizabeth Carson
Larry Carson
Matt Celentano
Laurie Kuiper
Dan Mosebach
Chester King
Billy D. Weber
Karen Millison
Jim Burdick
Paul Davin