



SHOP Business Plan Proposal

John-Pierre Cardenas, Director of Policy and
Plan Management

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A service of Maryland Health Benefit Exchange

Investment in SHOP

- Improve the business environment in Maryland:
 - Lower barriers to offering health coverage
 - Allow employers to attract and retain the best talent
- Increase individual market stability by expanding the small group market:
 - Reduce adverse selection
- Reduce uncompensated care costs:
 - Lower the uninsured rate
 - Alignment with the Total Cost of Care Model

Statutory Requirements

- Maintain a website through which enrollees and prospective enrollees may obtain standardized information on:
 - Qualified Health Plans
 - Qualified Dental Plans
 - Qualified Vision Plans
- Establish a SHOP Exchange through which qualified employers may access coverage for their employees at specified coverage levels and meet standards for federal tax credits

Market Research

- Analysis from the Hilltop Institute finds ample unclaimed federal tax credits within Maryland

Income Range (k)	Number of Firms	Firm Size	Maximum Credit	Estimated Tax Credit	Number of Employees
\$0 - \$53,000	24,655	up to 10	\$188,991,822	\$102,936,646	105,855

Stakeholder Analysis

- **Brokers**

- Interviews performed by GMMB
- Awareness of the SHOP is relatively low
- Awareness of the tax credit is low and more would present SHOP if employer group is eligible for the credit
- Current process is administratively burdensome (specifically Employee Choice)
- Difficulty with securing proposals directly from carriers.
- Producer advocacy group notes employee choice as a growth opportunity and a value-add to doing business in Maryland

- **Carriers**

- Aetna and Kaiser Permanente do not view direct enrollment as the ideal permanent solution for the SHOP, and support an operational SHOP Platform
- CareFirst does not support the development of Maryland SHOP noting the existing direct enrollment process with the FF-SHOP

Eligibility & Enrollment Platform with Third Party Administration (TPA) Back Office Services

- *Advantages:*
 - Reduces administrative burden to both MHBE and carriers, leveraging existing integration pathways
 - Leverages TPA expertise in providing billing services and invoicing.
 - Potential for groups to receive wrap-around services
 - Leverages MHBE expertise in marketing, plan shopping experience, and assistance and comparison tools

- *Timeline:*
 - Conservative estimation 12-month time horizon from approval. Est. March 2020

- *Estimated Costs:*

	Requirement	Estimated Cost (FY20)
1.	IT development costs for the SHOP platform	\$517,650
2.	Third Party Administrator	\$200,000
	Total	\$717,650

Opportunity for Innovation

- 1332 Waiver for Advanced Small Business Health Care Premium Tax Credits
 - ❑ Waive the Small Business Health Care Tax Credit (SBHCTC) to and collect pass-through funds to provide financial assistance to small employers on a monthly basis
 - ❑ If paired with additional funding an advanced small business premium tax credit would improve the competitiveness of Maryland's small employers
 - ❑ Only available if administered through an online portal
 - ❑ HB 1098 – Small Business Tax Credit Subsidy would authorize MHBE to apply for the waiver (Sponsor Del. Kipke)
- Alignment with Hogan Administration Business-friendly Initiatives
 - ❑ Coordination of SHOP investment with Administration initiatives in Economic Opportunity Zones



POLICY ON PARTICIPATION IN ADVOCACY LETTERS, JOINT STATEMENTS, AND COMMENTARY

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Establishes Process for MHBE to Respond to National Policy Action

- Method of participation:
 - Advocacy letters, joint statements, commentary in proposed rule, etc.
- Basis of response:
 - As the policy action implicates the purpose or functions of the Exchange under Md. INSURANCE Code Ann. § 31-102 & § 31-108

Criteria for MHBE Participation

- Proposed policy position:
 - Meets the statutory purposes and functions of MHBE in accordance with Md. INSURANCE Code Ann. § 31-102 & § 31-108
 - Directly relates to initiatives or strategy areas identified by the Board
 - Significantly impacts individuals and employers seeking coverage through the Exchange
 - MHBE's input will add valuable credibility or insight to the issue

Process to Approve MHBE Participation

- Regular:
 1. The Executive Director, or a Trustee of the Board, shall present the proposed action to the Chair
 2. The proposed action shall be deliberated at the next regularly scheduled Board meeting
 - Seven-day review period or a period set by the Chair
 - Chair shall approve all participation before it is provided to the receiving entity
- Time-sensitive:
 1. The Chair may approve the proposed action at his/her discretion

Other

- The Chair may direct the Executive Director to engage the Exchange in any method of participation
- The Executive Director will report to the Board of any action engaged in without Board approval