SHOP Business Plan Proposal

John-Pierre Cardenas, Director of Policy and Plan Management

February 19, 2019

A service of Maryland Health Benefit Exchange
SHOP Business Plan

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
SHOP Business Plan

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

<table>
<thead>
<tr>
<th>Income Range (k)</th>
<th>Number of Firms</th>
<th>Firm Size</th>
<th>Maximum Credit</th>
<th>Estimated Tax Credit</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $53,000</td>
<td>24,655</td>
<td>up to 10</td>
<td>$188,991,822</td>
<td>$102,936,646</td>
<td>105,855</td>
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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:**

<table>
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<tr>
<th>Requirement</th>
<th>Estimated Cost (FY20)</th>
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<tr>
<td>1. IT development costs for the SHOP platform</td>
<td>$517,650</td>
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<tr>
<td>2. Third Party Administrator</td>
<td>$200,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$717,650</strong></td>
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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
Approval Process & Other

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