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May 2, 2019

Michele Eberle  
Executive Director, Maryland Health Benefit Exchange  
750 E. Pratt St.  
Baltimore, MD 21202

Dear Ms. Eberle:

Thank you for the opportunity to provide comments concerning the progress of Maryland's State Reinsurance Program through this annual public forum. CareFirst offers the following comments for your consideration.

**1. The State Reinsurance Program has been highly successful in its first year, as evidenced by significant premium reductions in the individual market and market growth during the open enrollment period.**

CareFirst's premium rates in the individual market dropped significantly in 2019 as a direct result of the State Reinsurance Program. Initial increase requests for CareFirst's HMO products were 18.5%, and the approved rates, based on reinsurance, were **17% lower than in 2018—a 35.5% decrease from original rate requests**. Similarly, CareFirst's PPO plan increase requests were 91.4%, and approved rates, based on reinsurance, were **11.1% lower than in 2018-- a 102.5% decrease from original rate requests**. In total across all plans and all carriers in the individual market, on average, individual market rates were 43.4% lower than originally filed, and 13.2% lower than 2018 premiums as a result of the State Reinsurance Program. As a result of these premium decreases, overall individual market enrollment in 2019 for on- and off- exchange increased 24% to 212,149 enrollees.<sup>1</sup>

CareFirst believes that the State Reinsurance Program is working exactly as the legislature intended—to lower premium rates in the individual market, and to set a path for interim individual market stability through reinsurance funding. Moreover, the passage of House Bill 258 and Senate Bill 239 in this year's legislative session builds upon the success of the State Reinsurance Program by creating a continued funding source for the entire length of the reinsurance program, through 2023. CareFirst applauds the legislature's decision to fully fund State Reinsurance for the duration of the 1332 Waiver program.

With the statutory reinsurance funding mechanism created during the 2018 session and with full funding for the remainder of the program, we are optimistic that Maryland's individual market is beginning to stabilize as the state continues to develop solutions for long term stability.

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<sup>1</sup> Presentation to the Maryland Health Benefit Exchange Board. January 22, 2019, "Open Enrollment 2019."

## 2. The 2020 Reinsurance Parameters will continue to allow for a successful State Reinsurance Program

At the April 8, 2019 Maryland Health Benefit Exchange (MHBE) Board Meeting, the Board of Directors voted to approve, for the purposes of rate filings, the parameters for the 2020 State Reinsurance Program as follows:

- Attachment point: Estimated at \$20,000
- Coinsurance rate: 80%
- Cap: \$250,000

These parameters remain unchanged from the 2019 State Reinsurance Program parameters. CareFirst agrees with the approved parameters and urges that these parameters remain in place for 2020. We will provide additional comments on our support for these parameters to MHBE by May 15.

Thank you again for the opportunity to comment on the State Reinsurance Program. Please don't hesitate to contact me with any further questions.

Sincerely,



Deborah R. Rivkin

**TESTIMONY ON REINSURANCE PROGRAM  
BEFORE MARYLAND HEALTH BENEFITS EXCHANGE**

**MAY 3, 2019**

My name is Beth Sammis. I am the President of Consumer Health First. Consumer Health First is a statewide advocacy group. Our mission is to promote health equity through access to comprehensive, affordable, high quality health care for all Marylanders. Thank you for the opportunity to testify today to offer our observations about Maryland's reinsurance program.

Premiums began to increase to unsustainably high levels in the individual market in 2016. Maryland's reinsurance program changed this course. Rather than an average premium increase of 30% for this year, average premiums in the individual market declined 13.2%.

While enrollment in the individual market was expected to decrease because the individual mandate will not be enforced, we saw about a 7% increase in enrollment both on and off the exchange.

We believe the increases in enrollment are in part explained by more affordable premiums. For example, a 40 year old in the Baltimore metro area with an income between 410 and 800% of the federal poverty level buying a CareFirst HMO or Kaiser HMO silver or gold plan will spend between 4 to 10% of his or her gross income on health insurance this year. (Of course, the percentage of income devoted in premiums would be much higher for a 60 year old – 9 to 22%.)

Consumer Health First was pleased to support legislation passed by the General Assembly this year to fully fund the reinsurance program through 2023 which has successfully reduced premiums for all consumers.

To keep this big win in place for all consumers we urge the MHBE and the MIA to commit to the following goals before changing any of the features of the reinsurance program:

1. A flat funding reinsurance program.
2. Equitable premium decreases for consumers enrolled in HMO and PPO plans.
3. Equitable premium decreases for consumers qualifying for financial assistance and consumers who do not qualify for financial assistance.
4. No double payments for claims reimbursed through the risk adjustment program.

We look forward to working with you to put in place more permanent policies to improve affordability such as: standardized benefit plans with more medical services before the deductible; the easy enrollment plan to be implemented by you and the Comptroller to increase enrollments; and a Medicaid Buy-In public option.

Thank you again.



Mid-Atlantic Permanente Medical Group, P.C.  
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

Submitted electronically to: *mhbe.publiccomments@maryland.gov*

May 3, 2019

Maryland Health Benefit Exchange  
750 East Pratt Street  
Baltimore, MD 21202

Re: State Reinsurance Program (SRP)

Dear Sir or Madam:

Thank you for the opportunity to provide testimony on the state reinsurance program. Kaiser Permanente of the Mid-Atlantic States region provides and coordinates complete health care services for over 760,000 members through 33 medical office buildings in Maryland, Virginia, and the District of Columbia. Kaiser Permanente is a total health organization composed of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the Mid-Atlantic Permanente Medical Group, P.C., an independent medical group comprised of approximately 1,600 physicians who provide or arrange care for patients throughout the area, and Kaiser Foundation Hospitals, which contracts with community hospitals for the provision of hospital services to our patients.

Kaiser Permanente is committed to Maryland's individual market and to consumers who do not have access to employer-sponsored coverage. We continue to support the state's efforts to stabilize the individual market through a state reinsurance program. Based on our internal estimates, as of December 31, 2018 Kaiser's share of the total individual market in our service area (both on and off the Exchange) was 32%; and, our share of the on-Exchange market was 51%. Maryland's SRP has had a significant impact on Kaiser Permanente and our members. In 2019, our rates without reinsurance would have increased by nearly 35% compared to 2018; but, with the reinsurance program in place our 2019 rates actually decreased by over 9%.

At the MHBE's Board of Trustees meeting on April 15, Board members voted to set the 2020 payment parameters for the SRP for rate setting purposes at the same levels as 2019 (i.e. \$20,000 estimated attachment point, 80% coinsurance rate, \$250,000 cap). The Board also approved a staff recommendation that the MHBE issue an RFP in May for an actuarial firm to perform an analysis for the 2020 SRP which will include determining the interaction between the reinsurance program and the federal risk adjustment program.

Kaiser Permanente supports these Board decisions and believes they are the best next steps for implementing the 2020 SRP. Regarding the interaction between the SRP and the federal risk adjustment program, Kaiser Permanente continues to believe that the adjustments to health plans' SRP payments should account for the entire amount of reinsurance/risk adjustment interaction as identified by an actuarial analysis.

Kaiser Permanente, respectfully, requests that the MHBE Board and staff provide stakeholders with an opportunity to review the actuarial analysis when it is completed and provide input into how the 2020 adjustments to each carrier's SRP payments should be modified to account for reinsurance/risk adjustment interaction.

Thank you for your time and consideration. Please do not hesitate to contact me at 301-816-6480 or [Laurie.Kuiper@KP.org](mailto:Laurie.Kuiper@KP.org), if you have any questions or require additional information.

Sincerely,

Laurie Kuiper  
Senior Director, Government Relations  
Kaiser Permanente