



## Maryland 1332 Waiver Hearing

May 2, 2019  
Maryland Health Benefit Exchange  
750 E Pratt St  
Baltimore, MD 21202

### Welcome & Introductions

Taylor Kasky, Senior Health Policy Analyst with the Maryland Health Benefit Exchange (MHBE), welcomed the public to the hearing and introduced herself along with other MHBE staff in attendance.

Ms. Kasky explained that the purpose of the hearing is to provide an update on the reinsurance program, which was created through a 1332 waiver. She also explained that this hearing is required by federal regulations to take place within the first six months of award, and that hearings will be held annually hereafter.

Ms. Kasky then introduced John-Pierre Cardenas, the MHBE Director of Policy and Plan Management.

### 1332 Waiver Presentation

Mr. Cardenas explained the overall environment of the non-group market in Maryland pre-waiver and the need for the state to seek the reinsurance waiver. Next, he described the two pieces of legislation that authorized the MHBE to apply for the 1332 reinsurance waiver and provided the funding to support the program.

Mr. Cardenas then described the options available for the state to allocate the program funding. He explained that MHBE chose to apply the funding to the first two years, which targeted a 30 percent premium reduction in each of those years. Next, Mr. Cardenas described the funding mechanism and the breakdown of the state and federal share of program costs. Because program enrollment was higher than expected, the size of the reinsurance program was also larger than initially projected.

Mr. Cardenas then described the public engagement process and issues raised by stakeholders. He explained that MHBE issued regulations to account for the federal risk adjustment program, seeking to ensure parity in profitability between issuers who pay into the reinsurance program and those who receive payment. He also described how the MHBE implemented transparency requirements for issuers to report on performance related to utilization and care management programs.

Next, Mr. Cardenas described overall program results. He explained that 2019 premiums decreased by 13.2 percent in aggregate, compared to 2018. He also explained how overall enrollment is about 24 percent higher than would have occurred without the waiver.

Finally, Mr. Cardenas explained that efforts to increase insurance coverage, address affordability, and align state agencies with population health goals are ongoing.

### Questions

Mr. Cardenas then opened the floor for questions from the audience.

An attendee asked whether he was referring to the small group market when he mentioned future 1332 waivers. Mr. Cardenas replied in the affirmative, and clarified that the MHBE views the 1332 waiver as a tool that can be used if the General Assembly recommends it.

### Public Testimony

Ms. Kasky then invited any attendee who so desired to offer their testimony for the record.

Beth Sammis, President of Consumer Health First, offered the following testimony:

*“My name is Beth Sammis. I am the President of Consumer Health First, which is a statewide advocacy group. Our mission is to promote health equity through access to comprehensive, affordable, high quality health care for all Marylanders and I thank you on behalf of our organization for the opportunity 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 percent for this year, average premiums in the individual market declined 13.2 percent.*

*While enrollment in the individual market was expected to decrease—national estimates ranged from 6 to 10 percent—because the individual mandate will not be enforced, we saw about a 7 percent increase in enrollment both on the exchange and off the exchange.*

*We believe the increases in enrollment are in part explained by more affordable premiums—it’s hard to reach any other conclusion. For example, a 40 year old in the Baltimore metro area with an income between 410 and 800 percent of the federal poverty level buying a CareFirst HMO or Kaiser HMO silver or gold plan will spend between 4 to 10 percent of his or her gross income on health insurance this year. If you remember back to the federal regulations that were introduced when we had a penalty for health insurance, the federal government determined that premiums would be affordable if they ranged somewhere in the level of 8 to 10 percent of someone’s gross income. So, we’re well within that for someone who’s 40 years old. Of course, the percentage of income devoted in premiums would be much higher for 60 year olds—between 9 and 22 percent. So, even though we’ve made great progress in terms of making health insurance affordable, we still have a ways to go to make it affordable across the age spectrum.*

*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. And of course I hope that that’s the major message that we send back to the Department of Health and Human Services is that this has been a tremendous program for our state for stabilizing the individual market.*

*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:*

- *First, to move to a flat funding program, so that essentially we are guaranteeing Marylanders—now that we have this pot of money—that their premiums will be decreased 30 percent year over year.*
- *That there will be a continuation of equitable premium decreases for consumers enrolled in HMO and PPO plans, so that all of the money is not sucked up by the few number of people who are still left in the PPO plans.*
- *That there are equitable premium decreases for consumers qualifying for financial assistance and consumers who do not qualify for financial assistance. Affordability is obviously in the eyes of each individual’s mind, but I think that we can agree that overall our goal should be to try to keep premiums around 10 percent of someone’s gross income, and we have some work to do to get to that point.*
- *Finally, that there are 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—which obviously will provide more affordability for consumers, particularly those who don’t qualify for CSRs; to work with you on the easy enrollment plan to be implemented by you and the Comptroller to increase enrollments—I think there’s a great deal of promise with that plan, and we thank you for your leadership as well as Maryland Citizen’s Health Initiative for theirs; and finally, I would be remiss if I didn’t mention that for Consumer Health First, we think that there is a great deal to be gained from the state exploring a Medicaid buy-in public option—and we know that that does not need to take effect until 2023 when this goes away, but when it does go away it’s going to be a steep cliff for any of the consumers, subsidized or not. So, having a more permanent way to be able to reduce costs by taking advantage of the Medicaid rules, we believe, offers a real promise.*

*With that, I thank you.”*

Laurie Kuiper, Senior Director, Government Relations, Kaiser Permanente, provided the following testimony:

*“Good afternoon. I’m Laurie Kuiper. I’m the Senior Director of Government Relations for Kaiser Permanente, and I want to offer our thanks, especially to the Maryland Health Benefit Exchange staff for hosting this public forum, and also giving us the opportunity to provide input today on the reinsurance program.*

*I’ll start by reiterating Kaiser’s strong support for market stabilization and the reinsurance program in Maryland. We certainly want to offer our appreciation to the Exchange and legislature over the last two years for all the hard work that’s been undertaken to pull all this together.*

*The reinsurance program certainly has had an impact on Kaiser Permanente and our members. In 2019, our premiums would have increased by over 34 percent in the individual market without reinsurance, but with the reinsurance program in place, we actually were able to lower our premiums by about 9 percent compared to 2018—so very good news for Kaiser and our members and the rest of Maryland for sure.*

*On April 15, the Board of Trustees for the Exchange voted to set payment parameters for 2020 rate setting purposes at 2019 levels. And I believe they also approved a recommendation to hire an actuary to undertake an analysis for 2020, including examining the interaction between the state reinsurance program and the risk adjustment program. Kaiser Permanente supports both of those board decisions. We think that was really an excellent first step to move forward for the 2020 program. Regarding the interaction between the state reinsurance program and the federal risk adjustment program, I will mention that our position on this remains the same. We believe that the adjustments to help plans make payments should account for the full amount of this interaction.*

*Finally, as one of only two carriers currently in the individual market in Maryland, we ask that we be given the opportunity to review the actuarial analysis when it’s complete, and also to provide input into the methodology for how 2020 payments are adjusted to account for the interaction between the two programs—reinsurance and risk adjustment.*

*With that, I will conclude my comments. Thank you so much.”*

### **Closing**

Andrew Ratner, MHBE Chief of Staff, thanked everyone who attended. He explained that this program is a temporary solution, but that the state was one of only a few states to have positive enrollment growth this year.

Mr. Cardenas closed the hearing.

### **Written Comments**

Written comments submitted by stakeholders are posted at [\[insert hyperlink\]](#).

### **Participants**

#### *Maryland Health Benefit Exchange*

Andrew Ratner, Chief of Staff

John-Pierre Cardenas, Director of Policy and Plan Management

Taylor Kasky, Senior Policy Analyst

Rita Dyer, Manager of Producer Operations

#### *Members of the Public*

Beth Sammis

Laurie Kuiper

Amanda Ballard

Cathy Grason