

# 2021 Open Enrollment Dates & 2021 Estimated Reinsurance Parameters

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# 2021 Open Enrollment Dates

# 2021 Open Enrollment Dates: Nov. 1 – Dec. 15

Open Enrollment is established in regulation to run from Nov. 1 – Dec. 15, but the Exchange may modify the open enrollment period with the approval of the Board of Trustees. (COMAR 14.35.07.11)

We plan to maintain 2021 open enrollment dates of Nov. 1 – Dec. 15, 2020.

- Consistent (same as OE 5, 6, and 7)
- Has been successful: MD enrollment up 1%
- Ability to reuse marketing and outreach materials
- No changes to MIA timelines or HBX necessary
- Gives consumers who enroll through OE 12 months of coverage
- Avoids overlap with tax filing SEP

# 2021 Estimated Reinsurance Parameters

# SRP Parameters - Regulatory Requirements

## COMAR 14.35.17.04

B. Each year the Board shall set the payment parameters for the State Reinsurance Program by determining the following factors:

- (1) An attachment point;
- (2) A coinsurance rate;
- (3) A reinsurance cap; and
- (4) A market-level dampening factor provided by the Commissioner, if determined necessary by the Board.

**C. For each benefit year after 2019, the Board shall set the estimated payment parameters for the State Reinsurance Program on or before April 1 of the calendar year proceeding the applicable plan year.**

D. For each benefit year after 2019, the Board shall set the final payment parameters for the State Reinsurance Program before December 31 of the calendar year proceeding the applicable plan year.

# Calendar Year 2020 SRP Key Dates

<b>February 17, 2020</b>	<b>MHBE Board</b>	<b>Set estimated 2021 SRP parameters.</b>
May 1, 2020	MIA	2021 Rate Filing Deadline
May 2020	MHBE Policy	2019 Carrier Data Submission: - 2019 and emerging 2020 claims continuance table - 2019 Carrier EDGE Server Data
June 30, 2020	MHBE Policy	2019 Carrier SRP Accountability Reports Due
Early July 2020	MHBE Policy	- Finalize recommended 2021 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2020 SRP payments
<b>July 20, 2020</b>	<b>MHBE Board</b>	<b>Set final 2021 SRP parameters.</b>
Mid-August – Early September	MIA	MIA 2021 Rate Release
September 2020	MHBE Policy	Issuers receive SRP payments for 2019 claims experience

# Estimated 2021 SRP – Analysis

- In fall 2019, Lewis & Ellis analyzed carrier data for 2018 and 2019 to model parameters for the 2020 State Reinsurance Program that would yield ~30% premium impact.
- Lewis & Ellis used the 2020 parameters in their 10-year projection, holding them constant.
- After comparing 2021 projected and actual enrollment, Lewis & Ellis determined that the existing 2020 parameters would still achieve the previously projected results for 2021.

## Reinsurance Program Summary

	2019	2020	2021
<b>Projected Total Cost</b>	\$370,257,175	\$400,056,715	\$426,824,941
<b>Projected Federal Pass-Through</b>	\$373,000,000	\$324,809,728	\$373,930,947
<b>Actual Federal Pass-through</b>	\$373,400,000	\$447,277,359 (CMS estimate)	Will be announced in 2021

# Estimated 2021 SRP – Staff Recommendation

- For the purposes of 2021 rate filing, MHBE staff recommend no change to the attachment point, coinsurance, and cap established for the 2019 and 2020 State Reinsurance Program.
- MHBE staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019	Final 2020	Recommended 2021
Attachment Point	\$20,000	\$20,000	\$20,000
Coinsurance Rate	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000
Carrier-specific Adjustment Factor	.800	.785	Yes

# Dampening Factor Background

September 2019 analysis by L&E found that the risk adjustment and reinsurance in 2020 were interacting and would result in individuals with the highest claims being the most profitable, indicating that a dampening factor was appropriate.

2020 Market-wide dampening factor:

- Lewis & Ellis analyzed risk adjustment/reinsurance interaction using a claim-based approach and a risk-based approach, and recommended a choice of dampening factors depending on the approach:
  - Claims-based: .785 – Implemented by MIA
    - Difference in loss ratios between low claims and high claims: 46%
  - Risk-based: .75 – Approach released for public comment
    - Difference in loss ratios between RA payers and RA receivers: 64%

# Dampening Factor Update

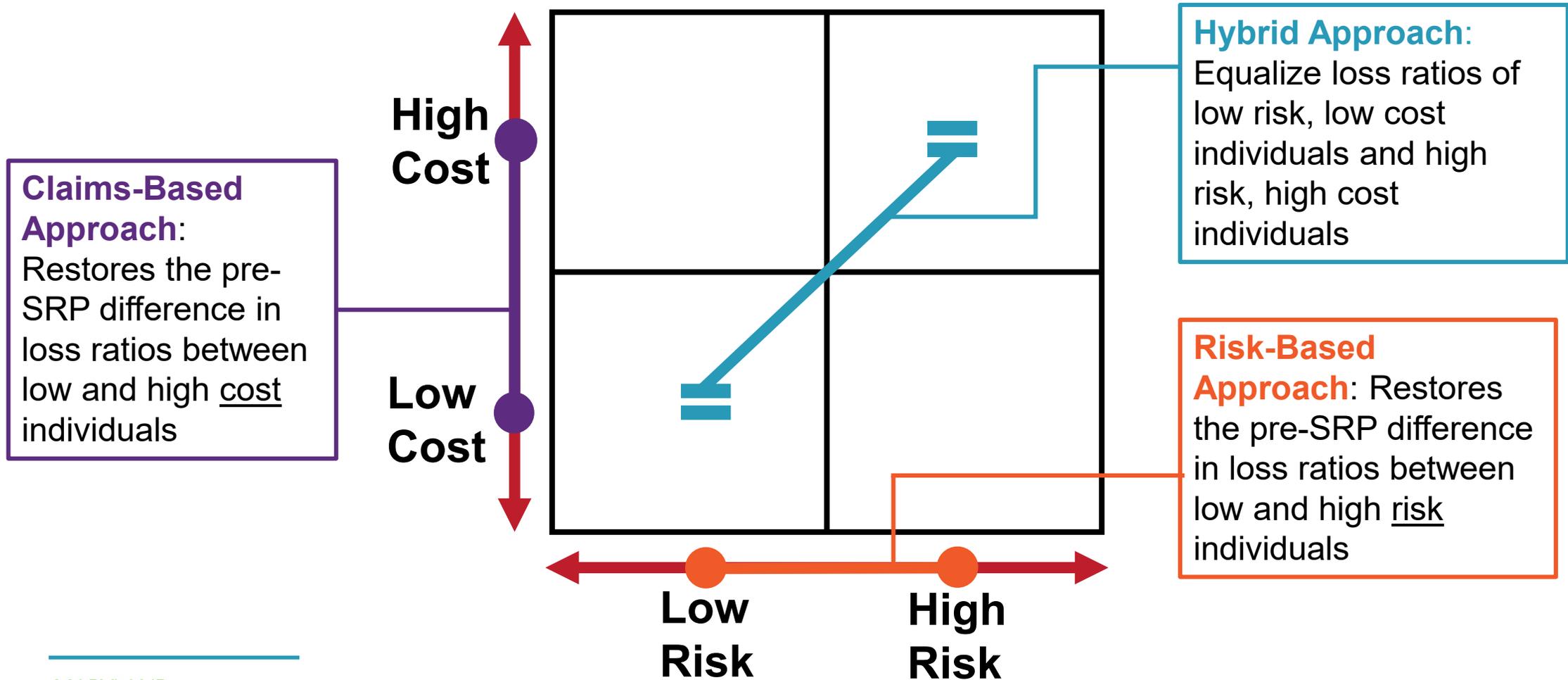
## Public Comment on Risk-Based Approach

- MHBE received comments from both carriers participating in the individual market. One was in favor of the risk-based approach, and one expressed a number of concerns with the approach.

## MIA Reinsurance and Risk Adjustment Cohort-Based Approach

- MIA has developed an approach to establishing the dampening factor that blends aspects of the claims-based and risk-based approaches.
  - Claims-based approach calculates the difference in loss ratios for low claims and high-claims cohorts before reinsurance, and uses the dampening factor to restore it
  - Risk-based approach calculates the difference in loss ratios for risk adjustment payers and receivers before reinsurance, and uses the dampening factor to restore it
  - MIA approach divides individuals into four cohorts (risk adjustment payer/receiver and SRP not receiver/receiver) and equalizes the loss ratio between (1) those who pay into RA and don't receive reinsurance) and (2) those who receive both risk adjustment and reinsurance payments.
    - Would result in a dampening factor of .773 for 2020

# Comparison of Dampening Factor Approaches



# Summary of Next Steps

- 1. Today:** Board sets estimated 2021 reinsurance parameters to inform rate filings due May 1
- 2. February:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
- 3. March:** 30-day public comment period on the hybrid dampening factor approach
- 4. May:** Carriers submit 2019 and emerging 2020 claims data; MHBE and MIA analyze in May and June to recommend final 2021 reinsurance parameters
- 5. July:** Board sets final 2021 reinsurance parameters

# Board Action Required

Staff requests that the Board approve the estimated parameters for the 2021 State Reinsurance Program as follows: an attachment point of \$20,000, a coinsurance rate of 80%, a cap at \$250,000, and a carrier-specific adjustment factor to be provided by the Insurance Commissioner.

Thank you!

