



MHBE Individual Subsidy Work Group Meeting

November 12, 2020

10AM-11:30AM

Location: Google Meets

Members Present:

Allison Mangiaracino

Rob Metz

Beth Sammis

Brad Boban

Ken Brannan

Matt Celentano

Jon Levine

Jacqueline Roche

Joshua Morris

Stephanie Klapper

Jay Hutchins

Others in attendance:

Michele Eberle

Johanna Fabian-Marks

Varun Palle

Jessica Grau

Elvina Morris

Gregory Derwart

Allison Taylor

Bailey Chapman

Welcome/Agenda/Approve Minutes

Ken welcomed everyone to the meeting and approved the minutes.

Review Additional Subsidy Design

Johanna reviewed Lewis and Ellis's modified modeling on the subsidy designs. Johanna also reviewed required contributions at various FPL for 18-25 year olds and 26-34 year olds.

The 4 new subsidy designs are:

- AASE formula through age 30, then linear interpolation (phase out) from 31 through 35.
- AASE formula through age 35, then linear interpolation from 36 to 40.
- AASE formula with a new +1% term to shift the curve up, with the linear interpolation from 31

and 35 (less generous than option 1)

- AYE formula altered by -3.5% from the federal contribution (made more generous than the originally modeled AYE formula, which was -2.5%)

Beth – The new AASE from LI-40 seems to bring in the most people, and then the second one to bring in the most people is the original AASE. So, the new one seems far more impactful? And the risk pool looks better.

Answer – Looking at the number of people, yes, the new one brings in more people, but its targeting more people.

Ken – How much more impactful is the morbidity rate.

Answer – Around a 1% improvement. But these morbidity improvements are just a one-time thing, and these rates won't be compounded year over year. If we can keep morbidity steady, that's the goal. And over the years, 1% in the first year is relatively small.

Beth – And it seems like every year we wont be losing young people

Response – But I still do not expect that number to keep rising over the years. And I don't expect it to get above 50% for this age group.

Beth – But it will make things more equitable.

Rob – the difference between the old modeling and the new modeling seems to be the amount you're spending, and how that affects efficiency.

Beth – But I think it shows that you can still scale up the program within the general parameters.

Matt – What is the discrepancy in 2024 between the pass through and cost.

Response- the subsidy program only brings in 10-20% of pass-throughs, so its not as affective as the reinsurance. So, if we scale up the programs, the federal pass through isn't going to scale up as quickly either.

Beth – we shouldn't lose sight of the fact that we're able to contemplate the subsidy program because of the reinsurance program.

Rob – Both tools need to be implemented in tandem. From the CareFirst perspective, the subsidy program is there for those that can get APTC because they aren't getting help from the reinsurance program. So that's people under 300% FPL.

Response – On the AASE, the proposed subsidy is fairly rich, so they would become eligible for a state subsidy.

Rob – the AASE seems to be providing most of the dollars into the 300-400FPL, and that's our biggest concern.

Response – The AASE makes sure everyone under 400% gets a subsidy.

Rob – does it make sense for the state to be assisting those who are already helped by the reinsurance program.

Allison – How much can we impact the uninsured rate, and it's clear that the AASE helps the most uninsured.

Rob – CareFirst is also supportive of a subsidy program, as long as the state has sufficient dollars. And it should only target those who aren't getting helped by the reinsurance program.

Jon – Are we not discussing the 400-600% anymore?

Beth – It looks like it takes more money to help the 400-600%.

Jon – That's my population of customers that are hurting the most.

Brad – This subsidy achieves more premium equity.

Allison – KP does still have a concern with those in the 400-600%, especially families. It's clear that age based seems the way to go, but we don't want to lose sight that the 400-600% are still struggling

Stephanie – when you're looking at the equity issues for young people of color, it seems important that we consider them.

Jackie - I like the efficiency of the AASE LI-40, but I'm still trying to balance the equity of the 400-600%

Beth – I understand that there is a quibbles about the 400-600% FPL, but it makes sense to me that we focus on an age group first, and see if there are changes at the Federal level and then taking the subsidy up to a higher subsidy level.

Jackie – I agree with that sequencing of your policy approach.

Matt – I think the AASE LI-40 appears to be the most attractive, but I'm not ready to support any of the modeling. The additional modeling seems to have muddied the waters for me. It doesn't seem like there's an option where we aren't spending an enormous amount of money.

Rob – CareFirst is supportive of subsidies to low income adults, but then there's the issue of the cliff.

Beth – It seems like the work group has come to a general consensus on some issues, but correct me if I'm wrong, that bringing in young people is important, there are built in inequities that prevents them from coming in, the reinsurance program is effective, and the reinsurance program has helped us to address additional equity concerns. The AASE helps solve some problems, but it does not solve all the problems of the individual market.

Joshua – I think the AASE LI-40 seems to be the most favorable. And the new modeling addresses the issue of the cliff.

Jon – I would prefer to see the original young adult subsidy save money and then put the savings towards the 400-600%

Discuss Proposed Subsidy Design

Vote on Recommendations

Assuming a steady state (continuation of reinsurance program, state assessment, and projected federal funding), if MHBE is tasked with implementing an individual market state subsidy, does the workgroup:

1. Recommend that MHBE use the considerations listed in the framework on slide 4 when evaluating subsidy designs?
Group agreed.
2. Recommend prioritizing specific target populations within the populations for whom L&E modeled subsidy designs – young adults ages 18-34, 18-40, and 18-47; households at 400-600% FPL?

Target population should be: Age, and phased out to age 40?
The group voted that age should be the target population.

Target population should be: Up to 400%, and then if there's the ability to explore if there's funding available then take it up to 600%

Matt – I would rather leave that up to the Board and legislature. I can't recommend anything right now.

The group agreed.

3. Recommend a certain subsidy design or designs – or certain attributes of designs – modeled by L&E?

Of the designs we were presented with, the AASE LI-40 best met the goals that the work group had (meets the criteria on slide 4, has the most promise of reducing the uninsured,

Abstained – 2 (Rob and Matt)

4. Have other recommendations?

To have the MHBE look at the 400-600% and move the subsidy up to 600% eventually.

Joshua- Looking at slide 19, uninsured young adults by race, if the impact only seems to be focusing on those that are white, and those minorities aren't being benefited as much, we should see what else we can do, besides playing around with the subsidy numbers.

As part of the analytics of making sure the subsidy program is effective, racial equity should be tracked.

The group agreed.

5. Have other comments they would like to note in their report to MHBE?

Stephanie - There are state subsidy programs in other states, so Maryland would be the 5th.

Matt – From the perspective of the carriers, this is not just free money lying around, this is an assessment on the carriers. And some of the carriers feel that we should look at the over all market.

Brad – it should be considered that the federal health insurance fee will be implemented with a new administration, and the 1% was less than the 2.75%.