

# 2022 Estimated State Reinsurance Parameters

---

Johanna Fabian-Marks  
Director of Policy and Plan Management

February 16, 2021

# 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 2021 SRP Key Dates

<b>February 16, 2021</b>	<b>MHBE Board</b>	<b>Set estimated 2022 SRP parameters.</b>
May 3, 2021	MIA	2021 Rate Filing Deadline
May 2021	MHBE Policy	2020 Carrier Data Submission: - 2020 and emerging 2021 claims continuance table - 2020 Carrier EDGE Server Data
June 30, 2021	MHBE Policy	2020 Carrier SRP Accountability Reports Due
Early July 2021	MHBE Policy	- Finalize recommended 2022 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2020 SRP payments
<b>July 19, 2021</b>	<b>MHBE Board</b>	<b>Set final 2022 SRP parameters.</b>
Mid-August – Early September	MIA	MIA 2022 Rate Release
September 2021	MHBE Policy	Issuers receive SRP payments for 2020 claims experience

# Estimated 2022 SRP Results – Analysis

- In 2020, Lewis & Ellis updated their 10-year projections using 2019 and emerging 2020 data.
- The projections used the 2020 parameters, holding them constant.
- After comparing 2021 projected and actual enrollment, Lewis & Ellis advised that it would be reasonable to use the existing reinsurance parameters as the estimated 2022 parameters.

## Reinsurance Program Summary

	2019	2020	2021	2022
<b>Actual Total Cost</b>	\$352,798,597	-	-	-
<b>Estimated Total Cost</b>	-	\$378,000,000	\$417,000,000	<b>\$448,000,000</b>
<b>Actual Federal Pass-Through</b>	\$373,395,635	\$447,277,359	<i>Hoping for CMS estimate soon</i>	<i>Will be announced in 2022</i>
<b>Estimated Federal Pass-Through</b>	-	-	\$528,000,000*	<b>\$589,000,000*</b>

\*2021 and 2022 L&E pass-through projections reduced by \$40M to account for estimated impact of United's market entry

# Estimated 2022 SRP Parameters – Staff Recommendation

- For the purposes of 2022 rate filing, MHBE staff recommend no change to the attachment point, coinsurance rate, and cap established for the 2019-2021 State Reinsurance Program.
- MHBE staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

**Note: There are factors that could drive an increase in the recommended attachment point in staff’s final recommendation this summer. An increase in the attachment point could contribute to 2022 rate increases.**

- If 2021 federal pass-through amount from CMS is lower than expected
- If 2020 reinsurance program cost is higher than projected
- If the proposal to transfer \$100M from the Reinsurance Fund for FY21-26 is finalized

Parameters	Final 2019	Final 2020	Final 2021	Estimated 2022
Attachment Point	\$20,000	\$20,000	\$20,000	\$20,000
Coinsurance Rate	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.800	.785	.760	Yes

# Summary of Next Steps

- 1. Today:** Board sets estimated 2022 reinsurance parameters to inform rate filings due May 3
- 2. February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
- 3. May:** Carriers submit 2020 and emerging 2021 claims data; MHBE and MIA analyze in May and June to recommend final 2022 reinsurance parameters
- 5. July:** Board sets final 2022 reinsurance parameters

# Board Action Required

Staff requests that the Board approve the estimated parameters for the 2022 State Reinsurance Program as follows: an attachment point of \$20,000, a coinsurance rate of 80%, a cap at \$250,000, and a dampening factor to be provided by the Insurance Commissioner.

Thank you!

