

# Young Adult Premium Subsidy Recommended Parameters

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# Public Comments on Young Adult Subsidy Program Parameters

- Comments received from Kaiser Permanente, CareFirst, Planned Parenthood, and Beth Sammis, co-chair of the Individual Subsidy Workgroup
- All comments supported the parameters as proposed

# Recommended 2022 Young Adult Subsidy Program Parameters: No Change from Proposed Parameters

## Eligibility

- Age: 18-34 (18 or older; younger than 35)
- Income: 138% to 400% FPL
- Eligible to enroll through MHC
- Enrolled through MHC
- Enrollment cap if projections indicate that budget may be exceeded

## Subsidy Design

- Reduce the maximum expected contribution by 2.5% between ages 18 and 30
- For ages 31 to 35, reduce the 2.5% reduction by 0.5% each year
- Projected 2022 cost: \$17M

**Expected Contribution (EC) for Benchmark Plan**

% FPL	Federal EC	Proposed MD Young Adult EC					
		18-30	31	32	33	34	35
		-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	-0.0%
≤150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200	2.00%	0.00%	0.00%	0.50%	1.00%	1.50%	2.00%
250	4.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%
300	6.00%	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%
400	8.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%

## Board Motion Requested

I move to approve the recommended young adult premium subsidy parameters for plan year 2022 as presented.

# Appendix

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# Reinsurance Update

- Our last actuarial analysis in July 2020 estimated federal funding would exceed program cost for all years of the waiver
- Recent data challenges some assumptions in the July 2020 analysis
  - *Lower federal funding for 2021*: CMS estimate for 2021 is 25% below 2020 level
    - Federal funding may increase if recalculated to account for American Rescue Plan Act
  - *Slightly higher cost for 2020*: Recent CMS estimates lead us to estimate 2020 costs will be ~7% above projection
- Legislative draws on reinsurance funding
  - FY22 budget transfers \$100M in state funds from the reinsurance fund in FY 21 and FY 22
  - SB 172 would transfer \$15M in state funds from the reinsurance fund in each of FY 23-25

# Actual & Projected SRP Fund Expenses and Income

	2019 Act.	2020 Est.	2021 Est.	2022 Est.	2023 Est.
<b>SRP Cost</b>	\$352,798,597	Orig: \$377,828,828 <b>New: 405,000,000</b>	Orig: \$416,782,404 <b>New: 445,500,000</b>	Orig: \$447,975,589 <b>New: 490,000,000</b>	Orig: \$478,434,269 <b>New: \$539,000,000</b>
<b>Budget Transfer</b>			\$100,000,000	\$100,000,000	
<b>YA Subsidy</b>				\$20,000,000	\$20,000,000
<b>Health Equity</b>					\$15,000,000
<b>Fed. Funding</b>	\$373,395,635	\$447,277,359	Orig: \$567,748,703 <b>New: \$335,383,207</b>	Orig: \$628,614,048 <b>New: \$335,000,000</b>	Orig: \$684,842,457 <b>New: \$358,000,000</b>
<b>State Funding</b>	\$326,889,258	\$118,517,416	\$112,591,545	\$118,896,671	\$125,554,885
<b>End of Year Balance – Fed.</b>	\$20,249,819	\$62,874,397	\$0	\$0	\$0
<b>End of Year Balance - State</b>	\$326,889,258	\$445,406,674	\$410,755,823	\$254,602,494	\$164,552,379

# Actual & Projected SRP Fund Expenses and Income - Caveats

- Numbers presented in previous chart are high-level estimates
- Federal funding for 2021 may be higher than shown if CMS incorporates the effect of the American Rescue Plan Act
- Lewis & Ellis will be doing a detailed update of reinsurance projections between now and July



# Projected Impact of Subsidy\*

2021 % enrolled of eligible	2023 % enrolled of eligible	2023 Increase in Enrollment	2023 Gross Premium PCPY	2023 Net Premium PCPY	2023 State Subsidy PCPY
41%	64%	21,800	\$4,587	\$713	\$537

2022 YA Subsidy Cost	2023 YA Subsidy Cost	2022 Change in Morbidity – Impact to Premiums (all)	% Subsidy Recipients who are New Enrollees by 2023	2023 Cost per New Member
\$17.0M	\$19.4M	-4.6%	49%	\$888

\*Assumes ARPA APTC levels are continued in 2023