



Maryland Health Benefit Exchange Board of Trustees

July 19, 2021

2 p.m. – 4 p.m.

Meeting Held via Video Conference

Members Present:

Dennis Schrader, Chair

S. Anthony (Tony) McCann, Vice Chair

Robert D'Antonio, PhD

Michele Eberle

Mary Jean Herron

Kathleen A. Birrane

Dana Weckesser

K. Singh Taneja

Members Excused:

Dr. Rondall Allen

Ben Steffen, MA

Also in Attendance:

Andrew Ratner, Chief of Staff, MHBE

Anthony Armiger, Chief Financial Officer, MHBE

Venkat Koshanam, Chief Information Officer, MHBE

Sharon Merriweather, Principal Counsel, Office of the Attorney General

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Betsy Plunkett, Director, Marketing & Web Strategies, MHBE

Heather Forsyth, Director, Consumer Assistance, Eligibility & Business Integration, MHBE

Raelene Glasgow, Procurement Manager, MHBE

Caterina Pañgilinan, Chief Compliance Officer, MHBE

Lourdes Padilla, Secretary, Maryland Department of Human Services

Welcome and Introductions:

Vice Chair McCann opened the meeting and welcomed all in attendance.

Approval of Meeting Minutes

The Board reviewed the minutes of the June 21, 2021 open meeting. Mr. Taneja commented that at the June Board meeting there was a correction to the May 17, 2021 meeting minutes but he did not

see that correction in the minutes posted on the MHBE website. He asked about the process to correct the meeting minutes. Ms. Eberle responded that generally the minutes are corrected and reposted on the website. Sharon Merriweather, Principal Counsel, added that the correction to the May meeting minutes should be included in the June meeting minutes and there should also be a note in the May meeting minutes that there was a correction. Mr. Taneja responded that that he did not see a correction to the May meeting minutes. Mr. McCann noted that the correction will be added to the May meeting minutes and the June meeting minutes should also have the correction noted.

Mr. Taneja had a second comment regarding the modification to the May meeting minutes, which was to add a clarification that there was a cost variance of between 5 and 10 million dollars between the contracting and employment approaches. However, the June meeting minutes only mentioned that there was a discussion about the cost variance, and the dollar value was not included in the meeting minutes. Ms. Eberle responded that she will make sure that the minutes include Mr. Taneja's comments in the minutes and the dollar amount of the cost variance. MHBE staff will make sure that these comments are included in the draft July meeting minutes. Mr. Taneja noted that the meeting video recording from the May Board meeting is missing from the website. Cynthia Wilson responded that she will look into it. Mr. McCann asked that Ms. Wilson send a link to the meeting recording to the Board. Mr. McCann noted that July meeting minutes will also reflect this discussion. Ms. Weckesser moved to approve the minutes of the June 21, 2021 open meeting as amended. Ms. Herron seconded. The Board voted unanimously to approve the minutes as amended.

Executive Update

Michele Eberle, Executive Director, MHBE

Ms. Eberle began her remarks with follow-up items from the previous meeting. At the last Board meeting, Mr. Taneja asked if the benchmark quote requested in the May meeting was included in the monthly data report that Ms. Eberle referenced. Ms. Eberle and staff investigated this question; the comment was referencing the discussion about the indefinite deliverable indefinite quantity (IDIQ) budget. Secretary Schrader brought up the concept of establishing metrics against private industry, indicating that the MHBE is a commercial grade utility that should be compared to other commercial grade utilities because of the vast amount of work the MHBE does. Mr. Taneja added that the MHBE should also look at it from a business perspective, such as the per member per month (PMPM) spending. MHBE staff went back and looked at the monthly report to determine if this was included, and the monthly report just compares the exchange year over year and examines the metrics. The MHBE will work with the Gartner Group to address this issue, and Commissioner Birrane has offered to allow the MHBE to utilize some of the work the Maryland Insurance Administration (MIA) has done on benchmarking and carrier metrics. The MHBE can also look at an evaluation of state-based-exchanges that National Academy for State Health Policy conducted three years ago. There are currently discussions to develop metrics for all state-based exchanges, but there are variations among state-based-exchanges so it is not an apple-to-apple comparison. Mr. Taneja mentioned that California's PMPM was \$20.96, and Massachusetts was \$21. For Maryland, the PMPM is \$17.92 based on the \$32 million state funding and private commercial insurance. This is a little misleading because the \$32 million includes the state match for Medicaid work, so if federal funds for Medicaid and the Medicaid PMPM are added in then the costs drop down to \$4.99 PMPM. At the September Board meeting, there will be a briefing on the current metrics that exist and metrics that the Board would like to add. Secretary Schrader mentioned looking at spending on cyber security. Ms. Eberle

responded that the MHBE can work with Gartner Group, an industry resource, to bring back more spending data to the Board at the September meeting.

Ms. Eberle noted that the other follow-up item from the previous meeting is the Standing Advisory Committee (SAC) selection process. MHBE staff looked into whether there were written policies and procedures on the selection process but there is not a formal internal control. However, the MHBE does have the an application process, so the MHBE has put together internal controls that have gone to legal and compliance for review. Formal internal controls will be presented at the September meeting.

Ms. Eberle reported that the MHBE removed the Corticon award because they only received one bid. The MHBE cancelled the bid and is going to do more outreach to additional vendors to ensure a more competitive process. This will not affect the MHBE's work, which will continue under the current contract.

Ms. Eberle noted that an item is being added to the agenda today, which is the Centers for Medicare & Medicaid Services (CMS) grant proposal, which came out of the American Rescue Plan Act (ARPA) and is allocating \$20 million to all state-based exchanges to be divided evenly, so Maryland's portion is \$1.3 million dollars. This grant has been a long process, which has required the MHBE to pull together a lot of work in short order and the grant proposal is due tomorrow. Upon review of the powers of the MHBE Board, Ms. Eberle noted that the Board must approve a grant submission, which has not occurred since the inception of the exchange. MHBE staff will provide a presentation on the grant proposal during today's meeting, and the Board will have the opportunity to approve the submission of the grant to CMS.

Ms. Eberle reported that some of the special enrollment periods (SEPs) are coming to an end. The tax SEP closed on July 15, and the COVID-19 SEP is slated to end on August 15.

Ms. Eberle reported that there has been a six percent increase in enrollment in Medicaid and commercial health plans year over year. Ms. Eberle noted that Commissioner Birrane will hold a public hearing tomorrow on the proposed rates for the individual and small group marketplace for the 2022 plan year. In the individual market, the average rate increase is 3.5%; in the small group market, the average rate increase is 7.2%; and the in the standalone dental market, the average rate increase is 0.3%. These are the proposed rates, so they are subject to change, and they hope to have the final rates by the end of the summer.

Ms. Eberle also reported that there are five active solicitations posted on the MHBE website: Granicus Communications Cloud Advanced Package, Tenable Subscription Renewal, Dell Precision 5560 Workstation, Warranty and Support Services, Cisco Next Generation Firewall and Implementation Services, and Adobe Captivate Prime Learning Management System. Ms. Eberle encouraged vendors to consider these active solicitations.

Secretary Schrader commented that when the MHBE does the analysis for September, he would like to see if there is some data on labor market discontinuities. Secretary Schrader explained that he has done a lot of recruiting in this labor market, and one of the things they have learned, particularly in the last six years, is that there is discontinuity in the marketplace between what the federal government and local government pays for labor. Secretary Schrader explained that what he means by labor

market discontinuity is that the federal government can hire lots of people that Maryland cannot, which makes the federal government's contracting a lot simpler.

Ms. Weckesser asked for Ms. Eberle to send the link to the public hearing on the proposed health plan rates tomorrow. Ms. Eberle will send that information to the Board.

Request for Approval for CMS Grant Application

Heather Forsyth, Director of Consumer Assistance, Eligibility & Business Integration, MHBE

Ms. Forsyth stated that today she is seeking approval of the MHBE's CMS grant application. The ARPA created a new grant program for state-based marketplaces with a total award of \$20 million to help state exchanges modernize or update any system, program, or technology to ensure the exchange is compliant with all applicable requirements, including implementation of provisions of the ARPA. The ceiling for each individual grant is \$1.333 million, and the period of performance is from September 2021 through September 2022 with pre-award amounts available for work already completed since March 15 to implement ARPA provisions. The MHBE implemented most of the provisions of ARPA very quickly. The MHBE is proposing to submit a state exchange modernization grant request in the amount of \$1,332,889 for information technology (IT), marketing, and training updates and enhancements. IT funding would be split between pre-award work and ongoing work with \$368,160 for pre-award work and \$186,440 for post award work. Marketing funds of \$578,733 would be used to target marketing and outreach to consumers between the ages of 19 and 34, with household incomes over 400% of the federal poverty level (FPL) to motivate their enrollment using ARPA savings. Grant funding of \$199,556 would also be used to update training materials to include both ARPA and other changes to the marketplace in the coming year.

The MHBE seeks Board approval for the submission of a request to CMS for grant funds in the amount of \$1,332,889 to be used for Information Technology, Outreach and Marketing, and Training Development, pursuant to the special powers of the Board at MD Ins Code 31-106(c)(2)(vii) to apply for and receive grants.

Mr. McCann asked if the pre-award amount of \$368,160 is reimbursement for work that has already been completed and the remaining amount is for new activities. Ms. Forsyth confirmed that this is correct.

Mr. McCann moved to approve the submission of a request to CMS for grant funds in the amount of \$1,332,889 to be used for Information Technology, Outreach and Marketing, and Training Development as presented. Ms. Herron seconded. The Board voted unanimously to approve the grant submission.

2022 Reinsurance Parameters and Dampening Factor

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Ms. Fabian-Marks provided an overview of the results of the 2020 reinsurance program and the reinsurance parameters for 2022. The Board set estimated 2022 reinsurance parameter during the February 2021 meeting, which provided carriers information they need to file their rates with the MIA. Between April and July 2021, the MHBE has been working with their actuarial service contractor,

Lewis & Ellis, in consultation with the MIA to review 2020 data and emerging 2021 data to refine and update their projections to inform updated recommended 2022 parameters.

Ms. Fabian-Marks reported that in 2020 the actual cost of the reinsurance program was \$400 million, which was approximately 6% higher than what the actuarial consultant projected last year. This increase was attributed to the COVID-19 pandemic, both due to higher than anticipated enrollment and higher than anticipated claims. The MHBE received \$447 million in federal pass-through funding for 2020, so federal funding is sufficient to cover the full cost of the reinsurance program without the need to draw down state funding. In 2020, total paid claims were roughly \$1.2 billion and the reinsurance program covered about one-third of these claims. Consistent with 2019 experience, roughly six percent of individual market enrollees had annual claims that met the reimbursement parameters. Premiums in 2021 decreased by 12% in the individual market for a total decline of more than 30% compared to 2018, the year before the reinsurance program started. The MHBE is also seeing signs of the reinsurance program's success in the enrollment data; in 2021, total individual market enrollment increased by 9% compared to the previous year.

Mr. McCann commented that the state's hospital waiver was supposed to reduce overall expenditures for health care, and he does not see any impact of this on the high-cost users. He suggested that if there is not a simple answer, then perhaps the Health Services Cost Review Commission (HSCRC) could address this issue at a future Board meeting. Mr. McCann asked that since there is a system with fixed payment for hospitals, do the fixed payments effectively accommodate the fact that 6% of enrollees account for two-thirds of the claims or is this the realm of the HSCRC. Ms. Fabian-Marks responded that this would be a good conversation to have with HSCRC because she does not have a ready answer. The MHBE is collecting data and information from the carriers on how they are managing costs, as well as what the highest cost conditions are and most frequent conditions that are being reimbursed through the reinsurance program. They see a mix of chronic conditions such as diabetes and asthma that could be impacted by the state's efforts, as well as conditions such as coma or hemophilia that are high-cost conditions that might not be addressed by global budgets. Mr. McCann then asked whether the increase in costs due to COVID-19 were offset by the decrease in elective surgeries as possibly predicted a couple months ago. Ms. Fabian-Marks confirmed that this was not the case. As they delved deeper into the data, they determined that the higher increase in costs was largely due to the increase in enrollment during the pandemic, as well as the COVID-19 claims. Commissioner Birrane suggested that Ms. Fabian-Marks should get in touch with actuaries at the MIA who dig deeply into cost of care as part of their rate setting for more information, and they may be able provide a presentation to the Board.

Ms. Fabian-Marks then provided an overview of the 2022 final reinsurance parameters. Lewis & Ellis updated their modeling with more recent data since the Board set the estimated 2022 parameters at the February Board meeting. The MHBE is recommending that the Board hold the reinsurance parameters consistent with prior years, with an attachment point of \$20,000, a coinsurance rate of 80%, and a cap of \$250,000. The MHBE is also recommending a dampening factor to be set by the Insurance Commissioner. These parameters will result in an approximately 35% reduction in premium compared to a scenario in which the reinsurance program did not exist. Ms. Fabian-Marks noted that the MHBE is currently working with the MIA to determine the dampening factor but continue to believe that a dampening factor is appropriate to account for the interaction between the reinsurance and the risk adjustment programs. It is estimated that the reinsurance program will cost \$491,646,596 in 2022, and federal funding will cover \$289,191,236. For 2022, the MHBE will need to draw on state

funding set aside for the reinsurance program and estimate that at the end of 2022 there will be a remaining balance of \$256,402,313 in state funds that will be rolled over to future years.

Secretary Schrader commented that there have been consistent double-digit reductions in the premiums over the past three years and asked what drives that reduction. Ms. Fabian-Marks responded that the attachment point, the overall shape of the reinsurance program, and the fact that the carriers can rely on the funding through the reinsurance program has decreased premiums. The carriers can run their own calculations when setting their rates to estimate which portion of claims will be covered through the reinsurance program and those calculations get factored into rates and ultimately result in a decrease in premiums. Brad Boban, senior actuarial analyst with the MIA, added that the risk pool has benefited from the reinsurance program covering high-cost claims and an increase in enrollment of younger and healthier individuals that has helped drive the reduction of premiums. There is a hearing tomorrow on proposed rates, and there is a slight increase of 3.5% for the proposed rates which is still a little below the claims trend. Carriers have recognized improved morbidity and built that into rates as well.

Secretary Schrader then asked if there has been an actuarial analysis focused on what reserves are needed to continue support of the reinsurance program and reduction of premiums. Ms. Fabian-Marks responded that the MHBE has been working with the actuarial consultant and MIA every year to update projections for the reinsurance program. They have been targeting a 30% reduction in premiums compared to a market without reinsurance, though at some point this decrease may plateau. Their analysis has not focused on calculating what reserve is needed but will determine if there is sufficient funding and the current analysis shows that there is sufficient funding for the waiver period. Commissioner Birrane added that the reinsurance program was established with the goal of reducing premiums by 30% over 3 years, which has been achieved. Moving forward the increase in premium rates will be tied to cost of care and the trend in care costs. The reinsurance program worked better than expected in that large decreases were achieved quickly. Mr. Boban added that lower premiums may continue to encourage more young and healthy individuals to enroll which could help offset claims trends to a certain extent.

Mr. McCann moved to approve the final parameters for 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. Ms. Herron seconded. The Board voted unanimously to approve the reinsurance parameters for 2022.

Mr. McCann noted that the federal funds which used to be a surplus have been exhausted and the program is now using state funds. Also, the legislature has allocated \$255 million of the reinsurance fund over the next three to other related activities. The bottom line is that the reinsurance fund will go to 0 somewhere between 2022 and 2024; the legislature and MHBE will have to start thinking about how to address this issue.

[Young Adult Subsidy Proposed Regulations](#)

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Ms. Fabian-Marks reported that the MHBE has drafted regulations for the young adult subsidy program, which are required by the recently passed legislation to be adopted by January 1, 2022. The young adult subsidy program will be effective with the 2022 plan year. In April, the Board set the

proposed parameters for the program followed by a 30-day public comment period and finalized the parameters in May. The initial draft regulations were sent to stakeholders for an informal 30-day comment period that ended on July 16. The Board was sent the draft regulations on July 14 updated to incorporate comments from stakeholders, CareFirst, and the MIA that had been received at that time. This morning the Board received an updated version of regulations that included all proposed revisions.

Jessica Grau, senior health policy analyst with the MHBE, provided an overview of the proposed regulations. After the Board approves the proposed regulations, they will be submitted to the Maryland register for a 30-day public comment period. After the public comment period, the Board will vote to approve the final regulations which will be submitted to the register as final notice and the regulations will become effective on December 17, 2021. In response to public comments, the MHBE revised the proposed regulations to delete a provision establishing a grace period specific to young adult subsidy recipients; they will receive the grace period they are otherwise eligible for under current law. The MHBE made additional edits to provide more flexibility to the Board to limit cost growth after the cap is enacted. The MHBE also made several technical edits to the proposed regulations to improve clarity or correct drafting errors.

Ms. Weckesser asked if there are other public comments that could come in after the Board approves the regulations. Ms. Fabian-Marks responded that the public comment period closed on July 16 and that the draft regulations sent to the Board today reflect all of the comments. Mr. McCann added that there will be another public comment period after the regulations are submitted to the register.

Mr. McCann asked if the state statute was drafted in such a way that it is assumed that there will be a young adult subsidy program and this is just a pilot on how to implement it or is the statute assuming that after the program ends in two years, there will be a decision on whether to continue it. Ms. Fabian-Marks responded that it is more the latter. The legislature will look at the effects of the young adult subsidy program and will then decide whether to continue the program.

Secretary Schrader asked what impact the regulations are expected to have. Ms. Fabian-Marks responded that they estimate a 50% increase in young adult enrollment or 22,000 additional enrollees over 2 years because of the young adult subsidy program and this will in turn reduce the premiums of all enrollees by a few percentage points. Secretary Schrader then asked how young adults will be motivated to enroll. Ms. Fabian-Marks responded that they are working on a marketing campaign for young adults for the next open enrollment. This will be a two-year program that will run from 2022 to 2023.

Mr. McCann moved to approve the State Based Young Adult Health Insurance Subsidies Program Proposed Regulations as shared with the Board today, with edits as presented, for publication in the Maryland Register. Ms. Weckesser seconded the motion. The Board voted unanimously to approve the proposed regulations.

[FYQ4 Compliance Update](#)

Caterina Pañgilinan, Chief Compliance Officer, MHBE

Ms. Pañgilinan provided an overview of the results of the compliance program for the fourth quarter of fiscal year (FY) 2021. There were 13 allegations of fraud, mostly related to bad addresses with 10

determined to be not founded and three referred to the Department of Health. Ms. Pañgilinan noted that the privacy statistics continue to show a downward trend. Regarding 2021 initiatives, six connector entity desktop reviews have been completed and privacy incident reporting has been transitioned to the connector entities. There are three ongoing initiatives: Maximus SOC 2 type 2 audit, IT security policy and procedures update for FY22, and an FY21 compliance annual assessment presentation to the Board in September 2021.

CMS Corrective Action Plan Briefing: MAGI and Non-MAGI Single Streamlined Application

Feyella Toney, Director, Medicaid Enterprise System Development., MDH; Subi Muniasamy, Chief Technology Officer, DHS; Venkat Koshanam, Chief Information Officer, MHBE

Ms. Toney provided an overview of the CMS findings and the joint Medicaid integration work efforts between the Maryland Department of Health, the Department of Human Services (DHS), and MHBE in response to a corrective action plan request from CMS. CMS requires that state Medicaid agencies and state exchanges coordinate so consumers are able to submit a single streamlined application to either the state exchange or Medicaid agency and receive an eligibility determination and be enrolled in the appropriate program. This is known as the “no-wrong-door” approach. During the operational readiness review of Maryland’s eligibility and enrollment platform, CMS identified two findings. The first is the annual ex parte renewals, which is strictly an eligibility and enrollment function with no MHBE integration. However, Ms. Toney wanted to highlight it here to demonstrate the totality of the work effort to resolve the corrective action plan, and it is included in the overall budget for the work effort. Today’s presentation is focused on the second finding regarding EE22: Integration with Other Programs and EE23: Account Transfers. Currently, Non-MAGI applicants use a separate application process from MAGI-based Medicaid and affordable insurance programs, there is not an automated integration of MAGI and non-MAGI application processes. Since a single streamlined application or “no wrong door” experience for Medicaid applicants is a federal requirement, Maryland should move to a single streamlined application with automated transfer of beneficiary information between the MAGI and non-MAGI modules. Maryland’s solution is to integrate system accounts between myMD THINK and the exchange to allow customers to more seamlessly navigate between the portals. Applicant/recipient information will automatically transfer between the systems, so customers are evaluated for all Medicaid programs without the need to re-apply or provide duplicative information for accurate enrollment in Medicaid.

Ms. Toney reported that the total program budget estimated so far across all three agencies is \$14.8 million, with a federal share of \$13.3 million and a state share of \$1.4 million. The team is currently working on developing an advanced planning document to submit to CMS, and CMS has already reviewed the draft and given feedback. The work is in progress and the non-MAGI ex parte renewals is expected to go live in December 2021 and the MD THINK and exchange integration will go live in August 2022. The next steps are to finalize the advance planning document draft for submission to CMS by July 30, gain federal approval by September 30, begin monthly progress reports to CMS, and kick off integration work streams with the three agencies by October 1.

Secretary Schrader commented that the Board should talk with this team and fully understand the infrastructure and architecture of these systems because these kinds of issues will likely come up again in the future.

Public Comments

Stephanie Klapper with Maryland Citizens' Health Initiative first thanked the Board and the MHBE for all of their great work in getting Marylanders enrolled in quality, affordable health coverage including overseeing and implementing the COVID-19 special enrollment period, the reinsurance program, easy enrollment and now moving forward, the young adult subsidy program and the new connection for Marylanders who receive unemployment insurance. She very much appreciates their leadership, especially during an unprecedented pandemic when access to health coverage has been and continues to be more important than ever. She would like to request that when the Board starts to meet in-person again that the Board continue to make the meetings accessible by Zoom or phone for the sake of members of the public who have challenges such as disabilities, being immunocompromised or living with people who are immunocompromised, or living a far distance from the Board meetings so that they can continue to watch or listen to the meetings in real time and hear about all the great work the Board and MHBE is doing.

Mr. McCann thanked Ms. Klapper for her comments and responded that they will take those requests under advisement.

Ms. Weckesser, the Board liaison to the Standing Advisory Committee (SAC), announced that the SAC has launched a search for the Health Equity Workgroup and is taking applications through August 6.

Adjournment

The meeting was adjourned.