

The background is a solid teal color. In the center, there is a stylized graphic of a flower or a starburst shape, composed of several overlapping, semi-transparent teal circles of varying shades, creating a layered, petal-like effect.

# State Reinsurance Program Parameters for 2023

# 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 preceding 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 preceding the applicable plan year.

# Calendar Year 2022 SRP Key Dates

<b>February 21, 2022</b>	<b>MHBE Board</b>	<b>Set estimated 2023 SRP parameters.</b>
May 2, 2022	MIA	2023 Rate Filing Deadline
May 2022	MHBE Policy	2021 Carrier Data Submission: - 2021 and emerging 2022 claims continuance table - 2021 Carrier EDGE Server Data
June 30, 2022	MHBE Policy	2021 Carrier SRP Accountability Reports Due
Early July 2022	MHBE Policy	- Finalize recommended 2023 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2021 SRP payments
<b>July 18, 2022</b>	<b>MHBE Board</b>	<b>Set final 2023 SRP parameters.</b>
Mid-August – Early September	MIA	MIA 2023 rate release
September 2022	MHBE	Issuers receive SRP payments for 2021 claims experience

# Estimated 2023 SRP Parameters – Staff Recommendation

- For the purposes of 2023 rate filing, MHBE staff recommend no change to the existing attachment point, coinsurance rate, and cap.
- 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	Final 2021	Final 2022	Estimated 2023
Attachment Point	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Coinsurance Rate	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.800	.785	.760	.805	Yes

# Projected SRP Fund Expenses and Income: Plan Year 2023

- We project that using the current parameters, under a range of scenarios, the SRP would remain solvent in 2023.
- Federal funding would be fully used (no carryover to a following year).
- State funding would be necessary, and we would end 2023 with a state balance of \$245M - \$553M depending on the scenario.

	2021 Est.	2022 Est.	2023 Est.: ARPA Ends	2023 Est.: ARPA Continues
<b>SRP Cost</b>	\$432,632,395	\$491,646,596	\$505,995,722	\$514,515,711
<b>Other Expenditures*</b>	\$100,000,000	\$21,900,000	\$42,000,000	\$42,000,000
<b>Fed. Funding</b>	\$474,542,755	\$336,886,680 - \$474,560,974	<b>\$243,752,593</b>	<b>\$360,807,099 - \$496,635,345</b>
<b>State Funding</b>	\$124,158,202	\$126,945,429	\$129,795,226	\$129,795,226
<b>End of Year Balance – Fed.</b>	\$109,228,272	\$0 - \$92,094,928	<b>\$0</b>	<b>\$0 - \$74,214,563</b>
<b>End of Year Balance - State</b>	\$367,382,103	\$420,748,165 - \$466,327,531	<b>\$245,300,263 – 382,974,557</b>	<b>\$353,834,780 - \$553,122,757</b>

\*Can only be funded with state dollars. 2021- Medicaid transfer; 2022 -YA subsidy and SPDAP; 2023 - YA subsidy, Health equity grants, and Community Health Resources Commission.  
Cost and funding projections from Lewis & Ellis 10-year projections as of 2/3/22.

# Summary of Next Steps

1. **Feb. 21:** Board sets estimated 2023 reinsurance parameters to inform rate filings due May 2
1. **February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
1. **May:** Carriers submit 2021 and emerging 2022 claims data; MHBE and MIA analyze in May and June to recommend final 2023 reinsurance parameters
4. **July:** Board sets final 2023 reinsurance parameters

## Motion

Staff requests that the Board approve the estimated parameters for the 2023 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.