

State Reinsurance Program Annual Public Forum

Maryland Health Benefit Exchange
Policy Department

July 14, 2022

Introduction

- This forum is required pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c)
- MHBE will host this forum annually
- The purpose is to provide the public an opportunity to give meaningful comment on the progress of the waiver thus far

Public Forum Agenda

- Introduction
- 1332 Waiver Presentation
 - Program Performance for Plan Year 2022
 - 2023 Reinsurance Parameters
 - Program Developments Since Last Annual Reinsurance Public Forum
 - Carrier Accountability Reports
- Public Testimony Period

*Note: If you wish to testify during the public comment period, please sign up on the Google Form in the comment section

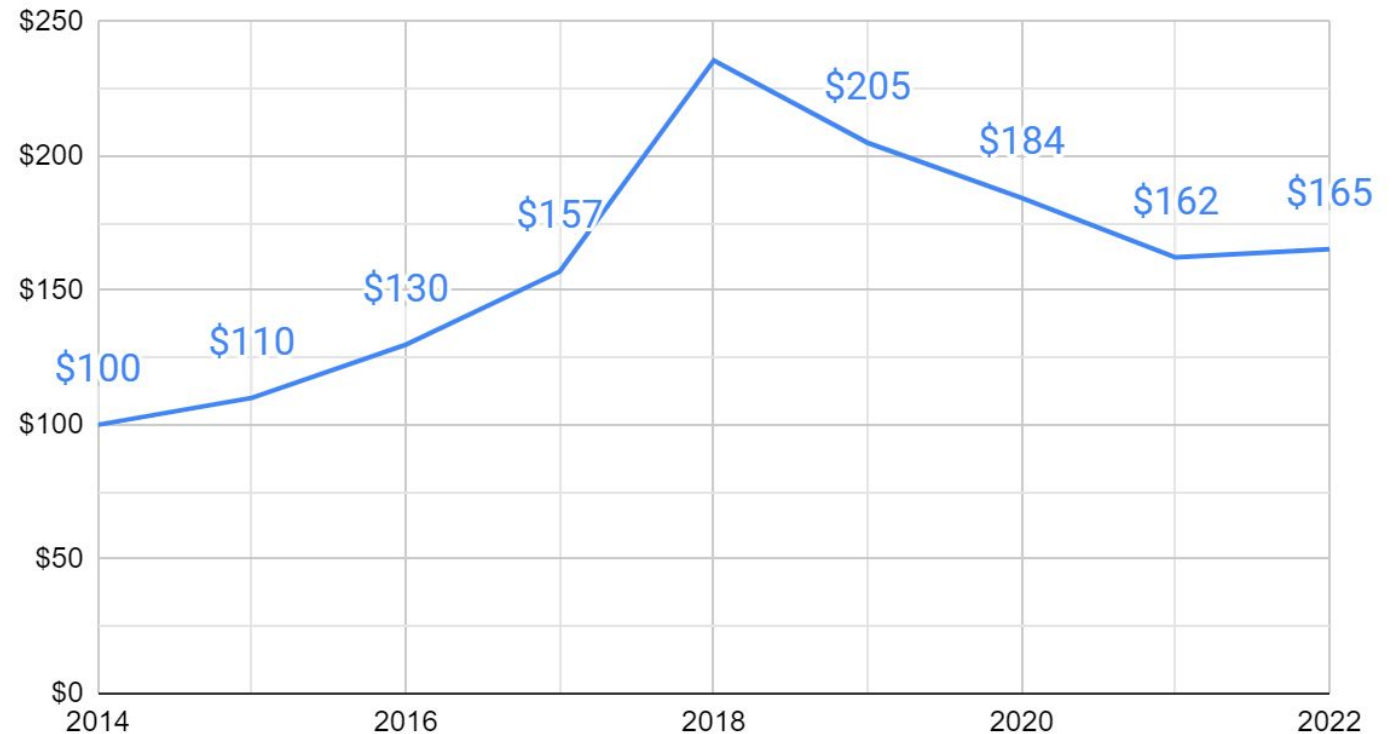


Maryland State Reinsurance Program Performance for Plan Year 2022

Premiums Fell Through 2021, Rose in 2022

Plan Year	Individual Premium Change
2014	n/a
2015	10%
2016	18%
2017	21%
2018	50%
2019	-13%
2020	-10%
2021	-12%
2022	2.1%

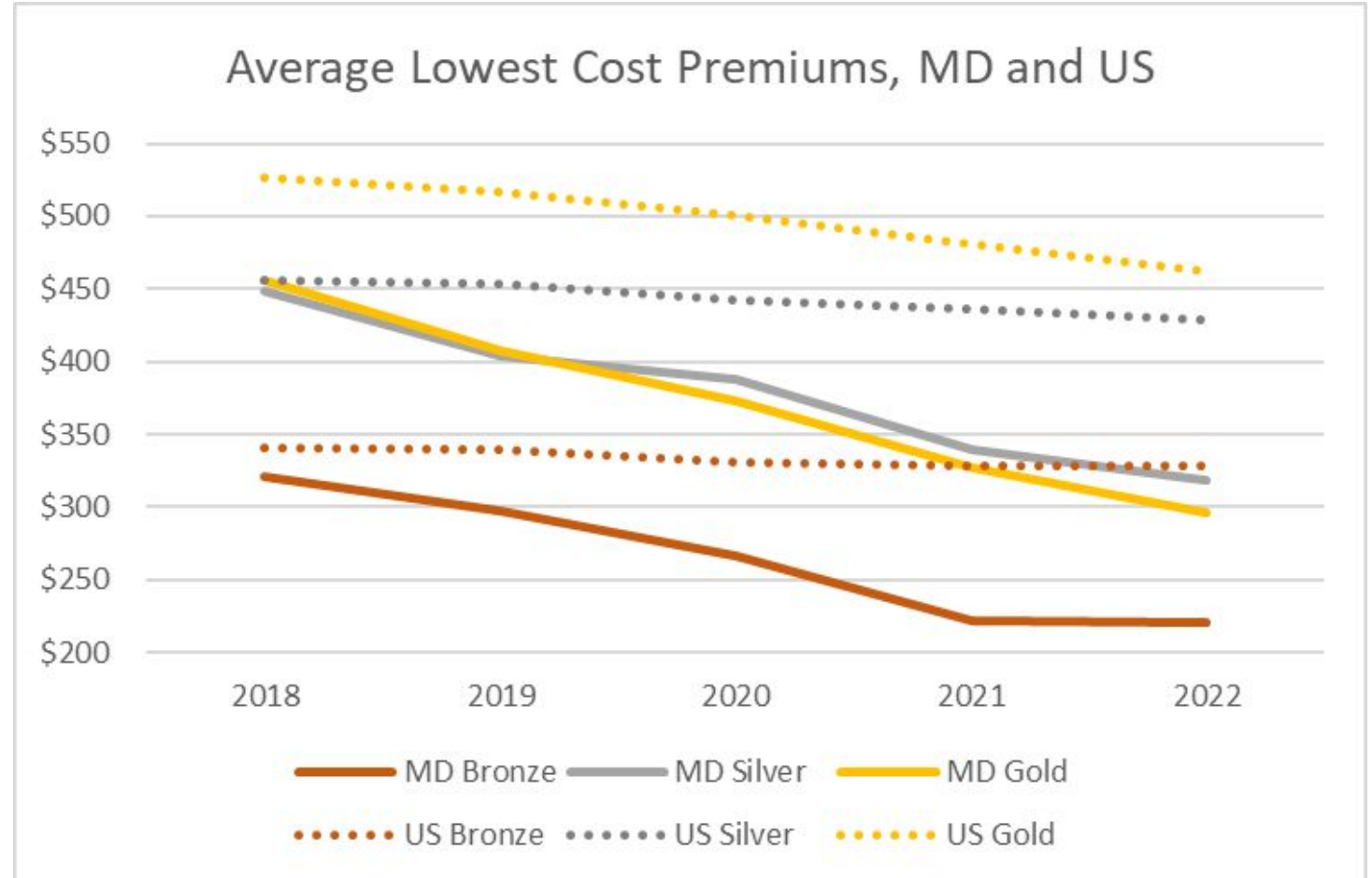
Change in Average Monthly Premium by Year (Example)



Premiums Continued to Fall

In 2021, Maryland's lowest cost plans are about 20-30% below US averages, depending on metal level.

Data source: Kaiser Family Foundation



Estimated Effect of the Reinsurance Program on 2022 Premiums

Rate Impact of the SRP by Carrier

Carrier (Network)	Enrollment* (on/off MHC)	2022 Rate Change (w/o Reinsurance)**	2022 Rate Change (w/ Reinsurance)**
CareFirst (HMO)	149,043	53.4%	6.2%
CareFirst (PPO)	16,277	59.2%	-12.6%
Kaiser Permanente (HMO)	64,866	33.3%	-5.0%
Optimum Choice (HMO)	11,087	32.5%	1.2%
Total	241,273	48.1%	2.1%

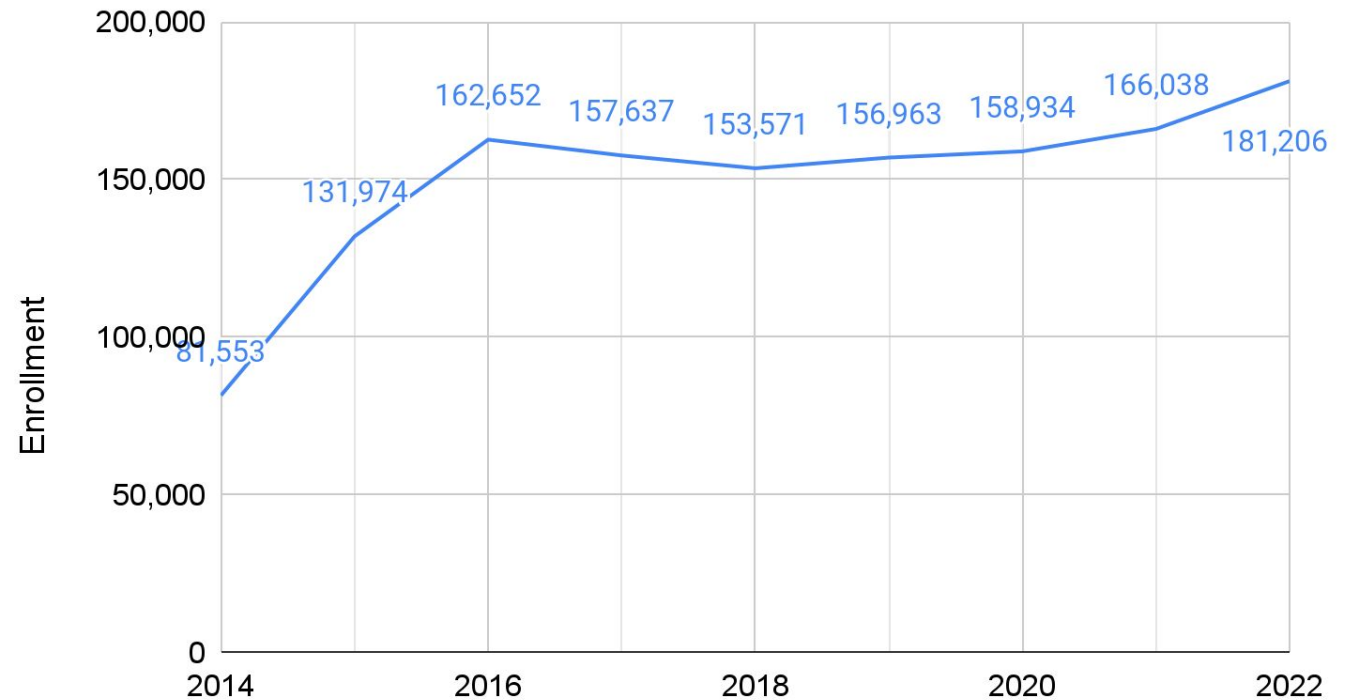
*Data as of 3/31/22 provided by the MIA

**Data as of 6/30/21 provided by the MIA

Enrollment Continued to Rise

- Maryland's total 2022 individual market enrollment, including plans obtained directly from carriers was 241,273 – up about 10% percent from 219,000 in 2021¹
- Individual market exchange enrollment is at an all-time high

On-Exchange Enrollment, 2014 - 2022



1. Enrollment data provided by MIA
2. On-exchange enrollment data (shown in graph) as of the end of open enrollment preceding each plan year

Estimated Effect of the Reinsurance Program on 2022 Enrollment

Without the reinsurance program, individual market enrollment would have been an estimated 8.4 percent lower.

Scenario	Total*
2022 Estimate w/o Reinsurance	204,136
2022 Estimate w/ Reinsurance	222,962
Difference w/o Reinsurance	18,826
Actual 2022 Enrollment	241,273

*Data from MIA estimates June 2022

Projected SRP Fund Expenses and Income: Plan Year 2023

- We project that using the current parameters, regardless of whether ARPA enhanced subsidies continue, the SRP will remain solvent in 2023.
- Starting in 2022, annual Federal + State funding will be less than the annual cost of the program. We will start to spend down State reserves to fund the SRP.

	2021	2022 Est.	2023 Est.: ARPA Ends	2023 Est.: ARPA Continues
SRP Cost	\$467,658,488	\$519,796,616	\$518,565,452	\$551,923,380
Other Expenditures*	\$100,000,000	\$21,900,000	\$42,000,000	\$42,000,000
Fed. Funding	\$474,542,755	\$344,149,951	\$271,519,113	\$395,026,034
State Funding	\$124,158,202	\$126,945,429	\$129,795,226	\$129,795,226
End of Year Balance – Fed.	\$74,154,458	\$0	\$0	\$0
End of Year Balance - State	\$367,382,103	\$364,835,324	\$204,584,211	\$294,733,204

*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 7/8/22.



2023 Reinsurance Parameters

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.

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

Summary of Next Steps

1. **Feb. 21:** Board sets estimated 2023 reinsurance parameters to inform rate filings due May 2
2. **February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
3. **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

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.

Program Developments Since Last Annual Reinsurance Public Forum

Calendar Year 2022 SRP Key Dates

February 21, 2022	MHBE Board	Set estimated 2023 SRP parameters.
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
Early July 2022	MHBE Policy	- Finalize recommended 2023 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2021 SRP payments
July 18, 2022	MHBE Board	Set final 2023 SRP parameters.
Summer 2022	MHBE Policy	2021 Carrier SRP Accountability Reports Due
Mid-August – Early September	MIA	MIA 2023 rate release
September 2022	MHBE	Issuers receive SRP payments for 2021 claims experience

Legislative Session 2022 - SRP Financing

HB0413 / SB0395: Health Insurance – Individual Market Stabilization – Extension of Provider Fee

- Extends 1% assessment on insurance providers through 2028 to fund SRP
- Requires MIA to lead workgroup in consultation with MHBE
 - SRP impact and possible funding sources; appropriateness of 1% fee; market reforms needed to provide affordable individual market coverage
 - Report due on December 1, 2023

Waiver Extension Timeline

- To extend the existing waiver, the state must submit a **letter of intent at least one year** prior to the waiver's end date. The federal government will respond to the letter of intent within 30 days of receipt. The section 1332 waiver extension request should be submitted **within the first quarter of the year** leading up to the initial waiver's end date. The federal government will approve or deny the extension request **within 90 days** of receipt.
- To extend the waiver application, the federal government would need to be **notified by December 31, 2022** and the application would need to be **submitted by March 31, 2023**.

TIMELINE FOR 1332 WAIVER EXTENSION REQUEST	
July-August 2022	MHBE staff draft letter of intent
October 2022	MHBE Board authorizes MHBE to submit letter of intent to the federal government
November 2022	MHBE submits letter of intent to the federal government
February 2023	MHBE submits waiver application to the federal government
March-June 2023	MHBE works with CMS to get application approved
January 1, 2024	New 5-year waiver period begins

The background is a solid teal color. In the center, there is a stylized graphic of a flower or a four-petaled star. Each petal is a light blue color and is formed by two overlapping semi-circles. The petals are arranged symmetrically around the center.

Carrier Accountability Reports

Reinsurance Program Carrier Accountability Reports

- MHBE regulations require carriers to submit an annual report that describes activities to manage the costs and utilization of the enrollees whose claims were reimbursed by the SRP and efforts to contain costs, so enrollees do not exceed the reinsurance threshold
- Reports submitted to date cover plan years (PYs) 2019 & 2020
 - CareFirst
 - Kaiser Permanente

Report Collects the Following

- Initiatives to manage costs and utilization of enrollees whose claims were reimbursed by the SRP
- The total population of enrollees whose claims were reimbursed by the SRP, the allocation of these enrollees across each of the initiatives described above, and the allocation of enrollees who do not participate in these initiatives and programs
- The effectiveness of the initiatives and programs, as measured by the estimated reduction of claims and utilization
- The actions the carrier will take to improve effectiveness
- The estimated savings to the SRP based on the effectiveness of these initiatives
- The estimated rate impact of the initiatives
- The methodology used to determine which programs to include, their estimated effectiveness, and estimated savings
- Population health initiatives and outcomes

More on the Reporting Instructions

- MHBE collected specific information on carrier initiatives targeting state population health goals including:
 - Diabetes
 - Behavioral health
 - Asthma
 - Pregnancy/Childbirth
- Also collected information about COVID-19 in PY 2020
- Reporting instructions and templates are available [here](#)

Total SRP Payments were \$352 million in PY 2019 and \$400 million in PY 2020

- Adults aged 55-64 years accounted for the largest portion of both SRP enrollment and payments in both years (data not shown)

Carrier	# of Enrollees with Claims Reimbursed by the SRP	% of Enrollees with Claims Reimbursed by the SRP	Total SRP Payment	% of Total SRP Payment
PY 2019				
CareFirst	9,095	79%	\$267,234,734	76%
Kaiser	2,389	21%	\$85,563,864	24%
Total	11,484	100%	\$352,798,597	100%
PY 2020				
CareFirst	10,179	82%	\$317,104,612	79%
Kaiser	2,225	18%	\$83,002,043	21%
Total	12,404	100%	\$400,106,654	100%

Summary of Care Management Initiatives

- The carriers had no care management initiatives targeting asthma or pregnancy
- Both carriers targeted behavioral health and diabetes:
 - CareFirst had Diabetes Care Management and Behavioral Health and Substance Use Disorder Care Management Programs in PYs 2019 and 2020 and implemented a new Diabetes Virtual Care Program in 2020
 - Kaiser Permanente had a Diabetes Care Management in PYs 2019 and 2020, a Diabetes Educational Video Program in PY 2019, a new Diabetes Glucometer Program in 2020, and a new Depression Care Management Program in 2020

Top 5 Hierarchical Condition Categories (HCCs) among SRP Claims

- Various cancers were the highest cost SRP HCCs in both years
- Diabetes, one of the state’s public health priorities, was among the top 5 most frequent and most costly HCCs among SRP enrollees in both years

PY 2019

Most Frequent	Highest Cost
Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic
HIV/AIDS	Congestive Heart Failure
Diabetes	Diabetes
Major Depressive and Bipolar Disorders	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
End Stage Renal Disease	Respiratory Arrest, Failure, and Shock
Asthma and COPD	Asthma and COPD

PY 2020

Most Frequent	Highest Cost
Diabetes	Cancers, including Colorectal, Breast, Kidney, Metastatic, and Others
HIV/AIDS	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
Cancers, including Colorectal, Breast, Kidney, Metastatic, and Others	Respiratory Arrest, Failure and Shock
Congestive Heart Failure	Diabetes
Asthma and COPD	Congestive Heart Failure

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Public Comment

Appendix: Summary Data, 2014-2021

Sources: MHBE Annual Reports, MHBE Plan Management, MIA Rate Decisions, Carrier Rate Justifications Data as of the end of open enrollment preceding each benefit year

Benefit Year	Participating carriers (#)	QHPs Offered (#)	Enrollment	Subsidized/ Unsubsidized (%)	Premium Change (%)	Rate Justification
2014	4	45	81,553	80/20	-	-
2015	5	53	131,974	70/30	10%	Sicker/Older Pool MHIP Migration Increased unit cost of care Increased utilization Health Insurer Fee
2016	5	53	162,652	70/30	18%	Actual claims experience higher than 2015 rates Pent-up demand in formerly uninsured entrants Risk Adjustment payments Increased cost and utilization trends Reduction in reinsurance payments
2017	3	23	157,637	78/22	21%	Increased unit cost of care, claims, morbidity of pool Cessation of the reinsurance program
2018	2	21	153,571	79/21	50%	New members entering risk pool Current members terminating coverage Increased churn and trend Loss of CSR Individual mandate enforcement not included in rate
2019	2	20	156,963	77/23	-13%	Introduction of the State Reinsurance Program Medical inflation Removal of the Individual Mandate
2020	2	23	158,934	76/24	-10%	Ongoing effectiveness of reinsurance program Trend
2021	3	33	166,038	73/27	-12%	Reinsurance program New market entrants
2022	3		181,206	79/21	2%	