

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 Estimated Payment Parameters for 2024

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 2023 SRP Key Dates

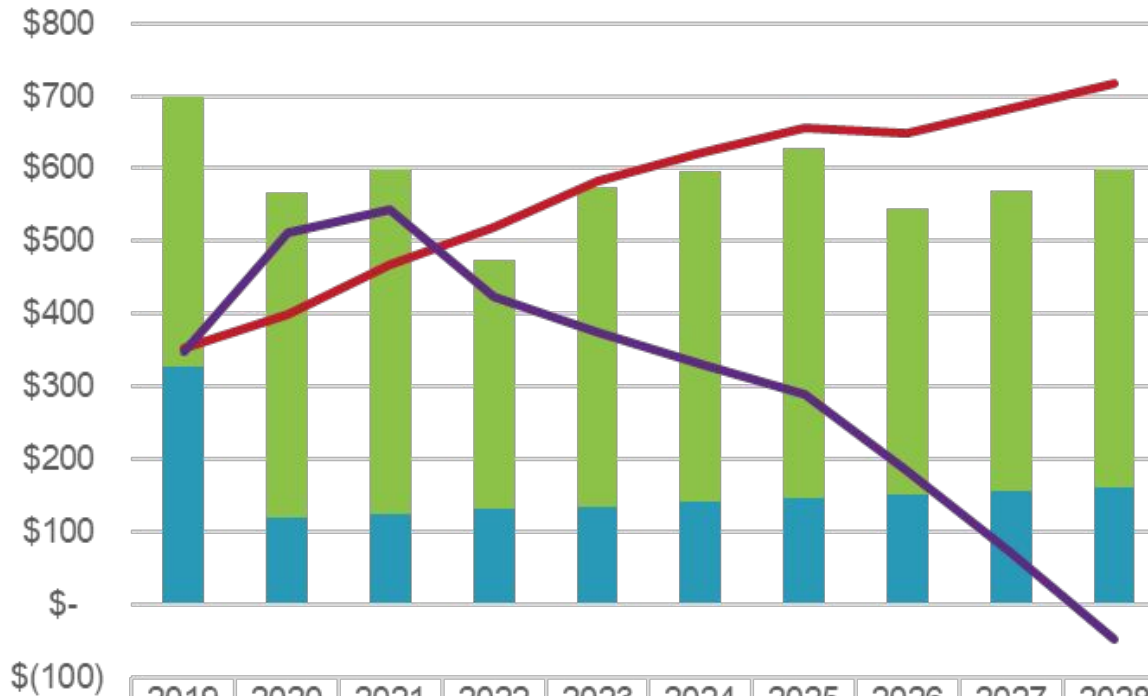
February 21, 2023	MHBE Board	Set estimated 2024 SRP parameters.
May 22, 2023	MIA	2024 Rate Filing Deadline
May 2023	MHBE Policy	2022 Carrier Data Submission: - 2022 and emerging 2023 claims continuance table - 2022 Carrier EDGE Server Data
June 30, 2023	MHBE Policy	2022 Carrier SRP Accountability Reports Due
Early July 2023	MHBE Policy	- Finalize recommended 2024 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2022 SRP payments
July 17, 2023	MHBE Board	Set final 2024 SRP parameters.
Mid-August – Early September	MIA	MIA 2024 rate release
September 2023	MHBE	Issuers receive SRP payments for 2022 claims experience

Estimated 2024 SRP Parameters – Staff Recommendation

- For the purposes of 2024 rate filing, MHBE staff recommend an attachment point of \$19,500, coinsurance rate of 80%, and cap of \$250,000.
- 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	Final 2023	Estimated 2024
Attachment Point	\$20,000	\$20,000	\$20,000	\$20,000	\$18,500	\$19,500
Coinsurance Rate	80%	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.800	.785	.760	.805	.840	Yes

Reinsurance Cost and Funding Projections Through 2028: Attachment Point Up \$500/year



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Federal Funding	\$373	\$447	\$475	\$344	\$439	\$456	\$482	\$395	\$415	\$437
State Funding	\$327	\$119	\$124	\$131	\$135	\$140	\$145	\$150	\$155	\$161
Reinsurance Cost	\$353	\$400	\$468	\$520	\$582	\$623	\$655	\$649	\$682	\$717
Fund Balance End-of-Year	\$347	\$513	\$544	\$424	\$374	\$332	\$289	\$184	\$72	\$(48)

■ State Funding
 ■ Federal Funding
 — Reinsurance Cost
 — Fund Balance End-of-Year

- Reflected in end-of-year balance, but not otherwise shown: **\$219M removed from state SRP fund for other programs** across FY21-25, and est. \$30M used for Young Adult Subsidy.
- Projections assume attachment point increases by \$500 each year starting in 2024 through 2028; enhanced federal subsidies end in 2025.

Reinsurance Cost and Funding Projections Through 2028: Attachment Point Up \$1,000/year 2024



- Reflected in end-of-year balance, but not otherwise shown: **\$219M removed from state SRP fund for other programs** across FY21-25, and est. \$30M used for Young Adult Subsidy.
- Projections assume attachment point increases by \$500 each year starting in 2024 through 2028; enhanced federal subsidies end in 2025.

Considerations

- Program solvency
- Impact to individual market rates

Attachment Point Change in 2024	Estimated Rate Impact
\$500	0.6%
\$1,000	1.2%

- Impact to individual market enrollment
 - Projected 2024 impact of \$1000 attachment point increase compared to \$500 increase: decrease in average total market enrollment of 260 individuals (0.1%)

- Uncertainty
 - Program cost
 - Federal funding
 - Whether enhanced federal subsidies will end in 2025 (an extension would improve the solvency of the program)
- MIA, MHBE, and MHCC are developing a report to the legislature, due Dec 1, on program parameters, funding, and other items

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
- The initial annual reports cover plan years (PYs) 2019-2021
 - CareFirst
 - Kaiser Permanente
 - United (2021 only)
- 2021 reports currently under review; some preliminary/draft findings presented in the following slides

Information Collected in Carrier Accountability Reports

- 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

Targeted Conditions in Carrier Accountability Reports

- 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 PYs 2020-2021
- Reporting instructions and templates are available [here](#)

Summary of PY 2021 Care Management Initiatives

Asthma: None

Pregnancy: None

Behavioral Health

- CareFirst: Behavioral Health & Substance Use Disorder Care Management Program, PYs 2019-2021
- Kaiser Permanente: Depression Care Management Program, PYs 2020-2021

Diabetes

- CareFirst: Diabetes Care Management Program, PYs 2019-2021
- Kaiser Permanente:
 - Diabetes Care Management Program, PYs 2019-2020
 - Diabetes Educational Video Program, PY 2019
 - Diabetes Glucometer Program, PYs 2020-2021
 - Diabetes Messaging Program, PY 2021

United was new to the market/had limited enrollment in 2021 and had no care management initiatives meeting the reporting threshold of 300 or more enrollees. However, United has a behavioral health program focused on opioid use disorder and a broader Case Management Program that coordinates care for high-risk patients with chronic or acute health care needs.

Top 5 Most Frequent Hierarchical Condition Categories (HCCs) among SRP Claims

PY 2019	PY 2020	PY 2021*
Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Diabetes with and without complications	Diabetes with and without complications
HIV/AIDS	HIV/AIDS	HIV/AIDS
Diabetes with and without complications	Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic
Major Depressive and Bipolar Disorders	Congestive Heart Failure	Ongoing pregnancy without delivery with no or minor complications
End Stage Renal Disease	Asthma and COPD	Heart failure

- Diabetes, one of the state's public health priorities, was among the 3 most frequent HCCs among SRP enrollees in all 3 years.
- HIV/AIDS and various cancers were also in the top 3 in each year.

*Preliminary analysis

Top 5 HCCs among SRP Claims by Total Allowed Claims

PY 2019	PY 2020	PY 2021*
Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic
Congestive Heart Failure	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
Diabetes with and without complications	Respiratory Arrest, Failure, and Shock	Hemophilia
Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	Diabetes with and without complications	End Stage Renal Disease
Respiratory Arrest, Failure, and Shock	Congestive Heart Failure	Inflammatory Bowel Disease

- Various cancers were the highest cost HCCs among SRP enrollees in all 3 years.
- Diabetes and Respiratory Arrest were in the top 5 in 2 out of 3 years
- Septicemia, sepsis, and systemic inflammatory response syndrome/shock were also among the top 5 in each year.

*Preliminary analysis

Summary of Next Steps

1. **Feb. 21:** Board sets estimated 2024 reinsurance parameters to inform rate filings due May 22
2. **February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
3. **May:** Carriers submit 2022 and emerging 2023 claims data; MHBE and MIA analyze in May and June to recommend final 2024 reinsurance parameters
4. **July:** Board sets final 2024 reinsurance parameters

Request to Approve 2024 Estimated State Reinsurance Program Parameters

MOTION: I move to [approve/defer/reject] the estimated parameters for the 2024 State Reinsurance Program [as presented] or [as amended], with:

- an attachment point of \$19,500,
- a coinsurance rate of 80%,
- a cap at \$250,000, and
- a dampening factor to be provided by the Insurance Commissioner.