



State Reinsurance Program Annual Public Forum

July 14, 2022

Meeting Held via Video Conference

Welcome and Introductions:

Johanna Fabian-Marks, Director of Policy and Plan Management with the Maryland Health Benefit Exchange (MHBE), welcomed the public to the hearing and introduced herself. She identified the federal regulations by which the forum is required and emphasized that the purpose is to allow the public the opportunity for meaningful feedback on the progress of the state reinsurance program (SRP).

Maryland State Reinsurance Program Performance for Plan Year 2022

Ms. Fabian-Marks reported that monthly premiums in Plan Year 2022 remained more than 30% below their peak from just before the SRP began, although there was an increase of 2.1% in average premium in 2022. She noted that the slight increase in 2022 indicates that the full impact of the SRP has now taken effect and established a new baseline for premiums. She added that carriers have proposed similar increases for 2023 but that the Maryland Insurance Administration has not yet approved the proposed rates.

Next, Ms. Fabian-Marks compared the premium rates at each metal level of the lowest cost plans in Maryland to the average rates across the U.S. for similar plans, demonstrating that Maryland's rates are roughly 20% to 30% lower. She pointed out that the average premium of Maryland Health Connection plans is among the five lowest-cost states in the country.

Ms. Fabian-Marks then demonstrated the rate impact of the SRP by carrier, showing that, had the SRP not been in place for 2022, all carriers' average premium rates would have increased by between roughly 30 to 60%. By contrast, the carriers offered premium rates under the SRP for 2022 with changes ranging from an over 12% decrease to a 6% increase.

Next, Ms. Fabian-Marks discussed total individual market enrollment in Maryland, showing an all-time high for 2022. She cautioned that the increase cannot be solely attributed to the SRP—enhanced subsidies from the American Rescue Plan Act (ARPA) played a role as well. She shared estimates of individual market enrollment without the SRP, where enrollment would have been roughly 8% lower.

Ms. Fabian-Marks then discussed projected SRP income and expenses for plan year 2023, pointing out that, if program parameters remain unchanged, the program will remain solvent through the end of 2023. The SRP is expected to maintain a balance of state funds between 200 and 300 million dollars through that time, depending on whether ARPA is extended. She explained that, since all

program costs were covered by federal funding in previous years, 2022 is the first time the SRP has had to use state funding, a condition that will continue in 2023 and future years.

2023 Reinsurance Parameters

Ms. Fabian-Marks discussed the parameters of the SRP for 2023, beginning by describing the regulatory requirement that the Board of Trustees of the MHBE set four distinct parameters: an attachment point, a coinsurance rate, a reinsurance cap, and a market-level dampening factor provided by the Insurance Commissioner if determined necessary by the Board. Following the schedule established in regulation, the estimated parameters for 2023 are now available. She added that the MHBE hopes to set the final 2023 parameters at the next Board meeting.

Next, Ms. Fabian-Marks shared the details of the proposed parameters for 2023. All aspects of the parameters are proposed to remain unchanged from the previous years—attachment point at \$20,000, coinsurance rate of 80%, program cap of \$250,000, and a dampening factor to be derived by the Insurance Commissioner.

Ms. Fabian-Marks then summarized the next steps for the SRP, noting that the only outstanding milestone for the 2023 program is final approval by the Board of the parameters, expected to be completed at its next meeting later in the month.

Program Developments

Ms. Fabian-Marks gave an overview of program developments since the last public forum took place. She explained that the MHBE collected data from carriers regarding their claims experience to help with updates to the modeling. Despite some delays, the MHBE will collect Carrier SRP Accountability Reports during the summer. During the autumn, carriers will receive payment from the SRP for their 2021 claims experience.

Next, Ms. Fabian-Marks described a law passed during the 2022 Maryland legislative session that funds the SRP by extending the 1% assessment on insurance providers through 2028. The law further requires the Maryland Insurance Administration (MIA) to lead a workgroup in consultation with the MHBE to report to the legislature by December 1, 2023 on topics including the impact of the SRP, possible funding sources, appropriateness of the 1% assessment, and potential individual market reforms.

Ms. Fabian-Marks then discussed efforts to extend the Section 1332 waiver under which the SRP operates for a further five-year period ending December 31, 2028. The MHBE is currently drafting the letter of intent to apply for the waiver extension and will work closely with MIA and the actuarial services contractor to prepare the waiver application for submission in early 2023. She added that the MHBE intends to solicit public comment on the waiver extension application, the details of which will be released once available.

Carrier Accountability Reports

Ms. Fabian-Marks explained that the MHBE requires 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 as well as efforts to contain costs. She pointed out that, since carrier data is available on a time lag, those reports that are already submitted cover plan years 2019 and 2020.

Next, Ms. Fabian-Marks described specific information the MHBE is collecting through these reports to support state population health goals around diabetes, behavioral health, asthma, and pregnancy/childbirth as well as data about COVID-19 during plan year 2020.

Ms. Fabian-Marks then showed the total enrollees and total payments under the SRP in 2019 and 2020. Each year, the program had roughly 12,000 enrollees and paid \$350 to \$400 million. She pointed out that the largest portion of enrollees whose claims were covered by the SRP were those aged 55 and older. Regarding carriers' care management initiatives, neither carrier reported initiatives targeting asthma or pregnancy, but both reported initiatives addressing diabetes and behavioral health.

Finally, Ms. Fabian-Marks shared the 5 most frequent and the 5 highest-cost conditions among enrollees whose claims triggered the SRP in 2019 and 2020. She pointed out that diabetes made both the most frequent and most expensive lists in both years, underlining the previously mentioned state health priorities.

Public Comment

Ms. Fabian-Marks then invited any attendee who so desired to offer their comment for the record.

Allison Taylor, Kaiser Permanente, offered the following testimony:

Hey, thanks everyone. Thanks for having me today, and an opportunity to provide public comment. Just wanted to start out—we applaud the goals of the reinsurance program to make coverage affordable people in the individual market, and we applaud the Exchange for the efforts you've led in spearheading this and for administering the program really well. So, thank you for that. A couple of comments: one, as the legislation moved forward this session, it became clear that the costs in the individual market are projected to continue to rise, whereas, as Johanna mentioned earlier, we're expecting to get less federal money, and the situation becomes much more difficult if Congress doesn't extend the ARPA subsidies as we are all hoping they are going to do. I think this is really a great illustration of a larger problem in health care, which is that costs generally continue to rise and that there's just a need to rein in overall spending. As I see it, and as I think Kaiser Permanente sees it, the real problem with the individual market is not that premiums are too high, it's that the people in that market are just really, really sick. And that's what's driving up costs. And so there's probably opportunities to really manage the costs of individuals whose claims are reimbursable by this program. They're the sickest—probably sickest in the state, so there's probably a great opportunity for carriers to help manage those costs and use that as a mechanism to help reduce spending. To that effort, we appreciate the portion of the presentation you just gave on the Carrier Accountability Reports. I saw in your recently released strategic plan that you're looking at hiring consultants to dig even more into that, which I think is great. Kaiser Permanente puts managed care at the center of our model, generally, and we look forward to working with you all to help keep these members healthy and control costs in general and being good stewards of the state's money that goes towards this program. That's it. Thanks for the opportunity to speak.

Closing

Ms. Fabian-Marks closed the meeting.