

# 2022 Reinsurance Results and 2024 Reinsurance Parameters

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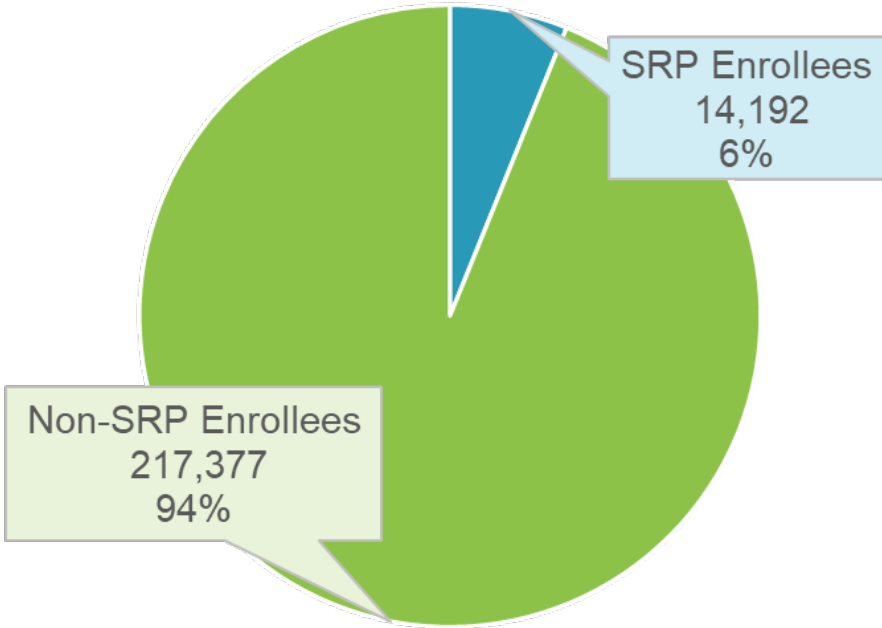
Johanna Fabian-Marks, Director of Policy and Plan Management  
July 17, 2023

# 2022 Reinsurance Results – Cost, Funding, Enrollment

## 2022 Program Cost and Federal Funding

	Summer 2022 Projection (L&E)	2022 Actuals
<b>Cost</b>	\$520M	<b>\$485M</b>
<b>Federal Funding</b>	n/a	<b>\$344M</b>

## 2022 Total Average Individual Market Enrollment

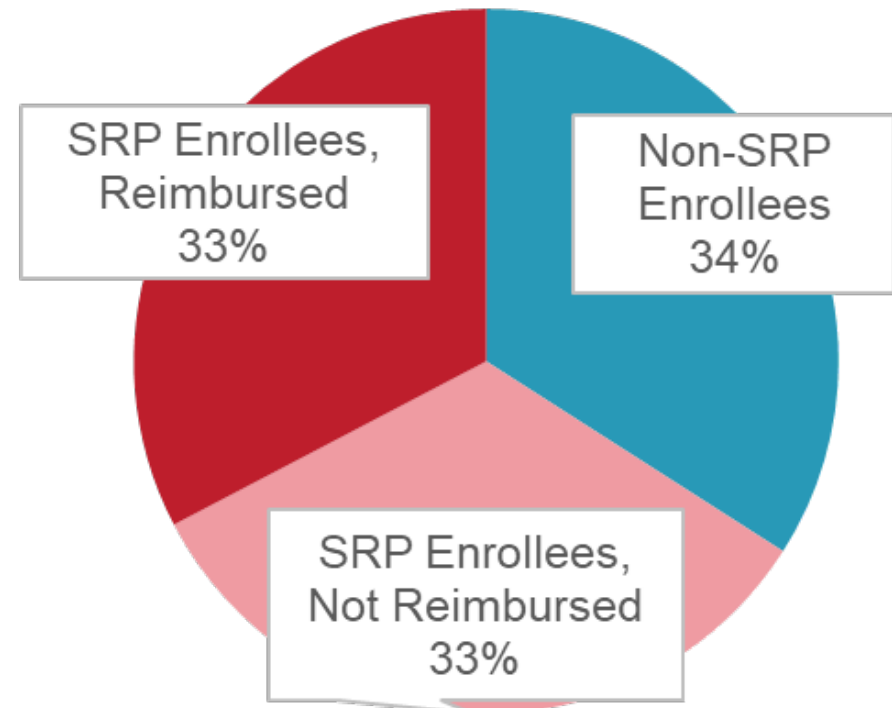


Enrollment calculated by MHBE using member months in CMS SRIS file

# 2022 Reinsurance Results – Paid Claims Breakdown

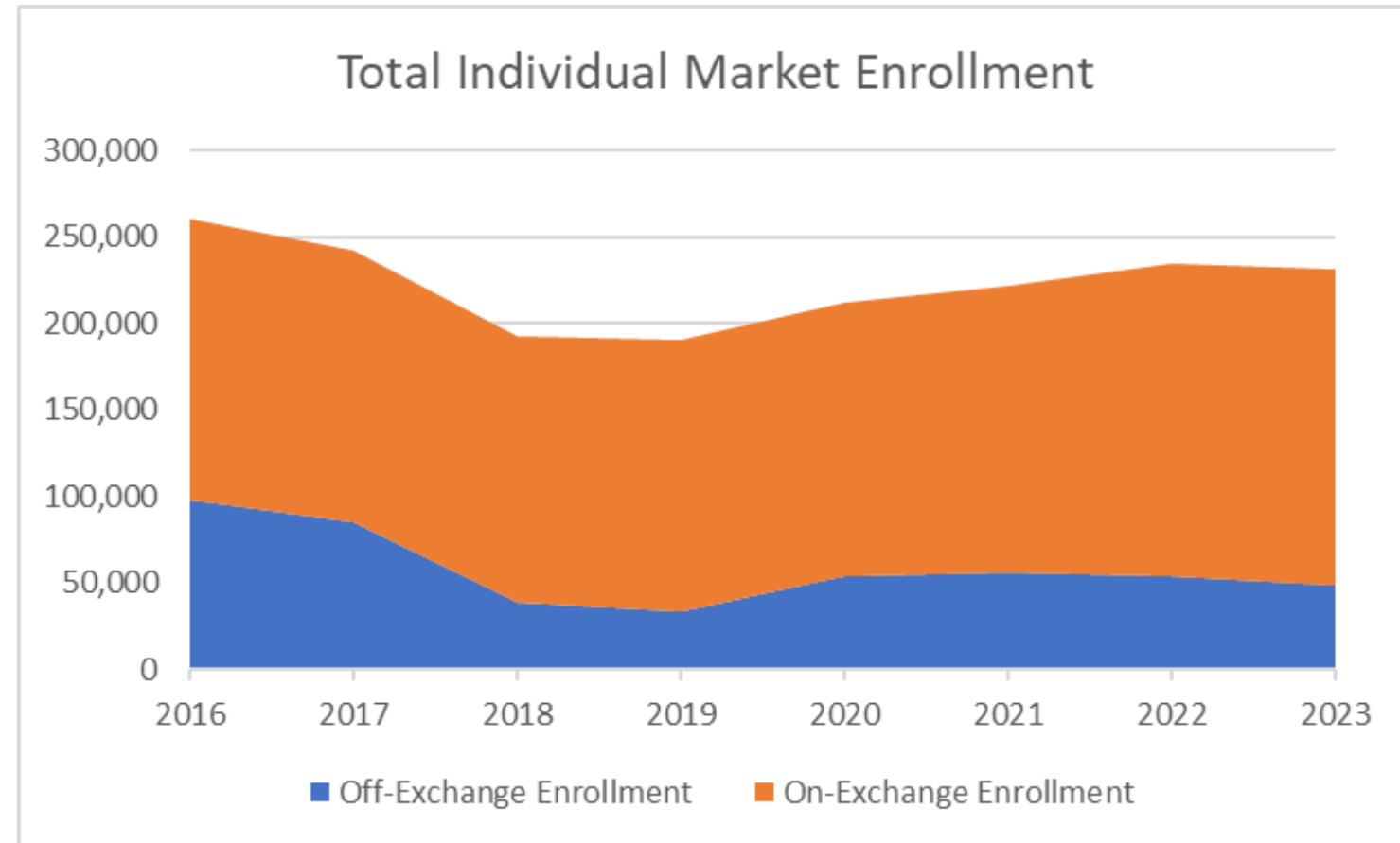
- Total paid claims in 2022 were about \$1.48B
- The 94% of enrollees who did not qualify for SRP payments accounted for 34% of paid claims
- The 6% of enrollees who qualified for SRP payments accounted for 66% of paid claims
  - The SRP reimbursed about half of these claims, accounting for 33% of total paid claims
  - Issuers covered the other half, accounting for 33% of total paid claims

2022 Paid Claims



# Reinsurance Impact: Premium Reduction Realized, Enrollment Strong

Plan Year	Individual Premium Change
2015	10%
2016	18%
2017	21%
2018	28%
<b>2019</b>	<b>-13%</b>
<b>2020</b>	<b>-10%</b>
<b>2021</b>	<b>-12%</b>
<b>2022</b>	<b>2.1%</b>
<b>2023</b>	<b>6.6%</b>
<b>2024 (proposed)</b>	<b>5.7%</b>



Total market enrollment data from MIA, data as of 3/31 for 2016, 2017, and 2022, as of 4/30 for 2023, as of 6/30 for 2018, 2020, and 2021, and as of 7/31 for 2019. On-exchange data from MHBE as of the end of open enrollment for each plan year. Off-exchange enrollment calculated as total enrollment minus on-exchange enrollment.



# 2023 Reinsurance Parameters

# SRP Parameters - Regulatory Requirements

Each year, the Board is required to set the payment parameters for the reinsurance program:

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.

# Final 2024 SRP Parameters – Staff Recommendation

- In February, the Board set estimated 2024 parameters with an attachment point of \$19,500
- Staff recommend increasing the final 2024 attachment point to \$20,000, and holding the coinsurance rate and cap steady
- Staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019 - 2022	Final 2023	Estimated 2024	Recommended Final 2024
Attachment Point	\$20,000	\$18,500	\$19,500	\$20,000
Coinsurance Rate	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.760 - .805	.840	Yes	Yes

# 2024 Projections: Factors influencing 2024 payments and federal pass-through

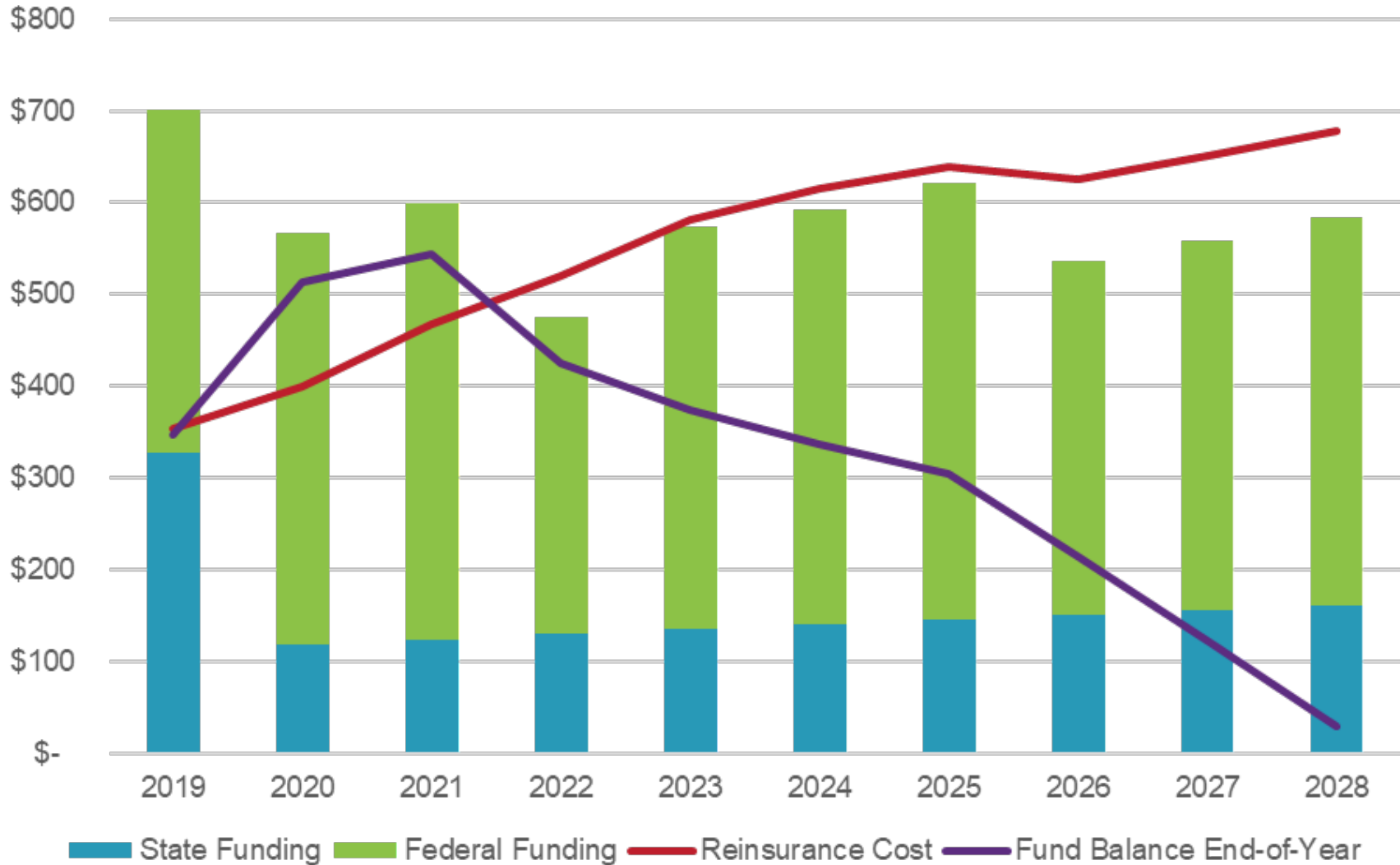
- **Lower 2022 cost:** Actual 2022 reinsurance payments 6.7% lower than projected
- **Higher 2023 pass-through:** Actual 2023 federal pass-through funding 7.8% higher than projected
- **Anticipated enrollment** due to the fix to the family glitch effective January 1, 2023, resumption of Medicaid redeterminations in 2023, and the expansion of the Young Adult Subsidy in 2024 to ages 35-37
- The continuation of the **enhanced subsidies** from ARPA through 2025.



# Projected Impact of Increasing 2024 Attachment Point from \$19,500 to \$20,000

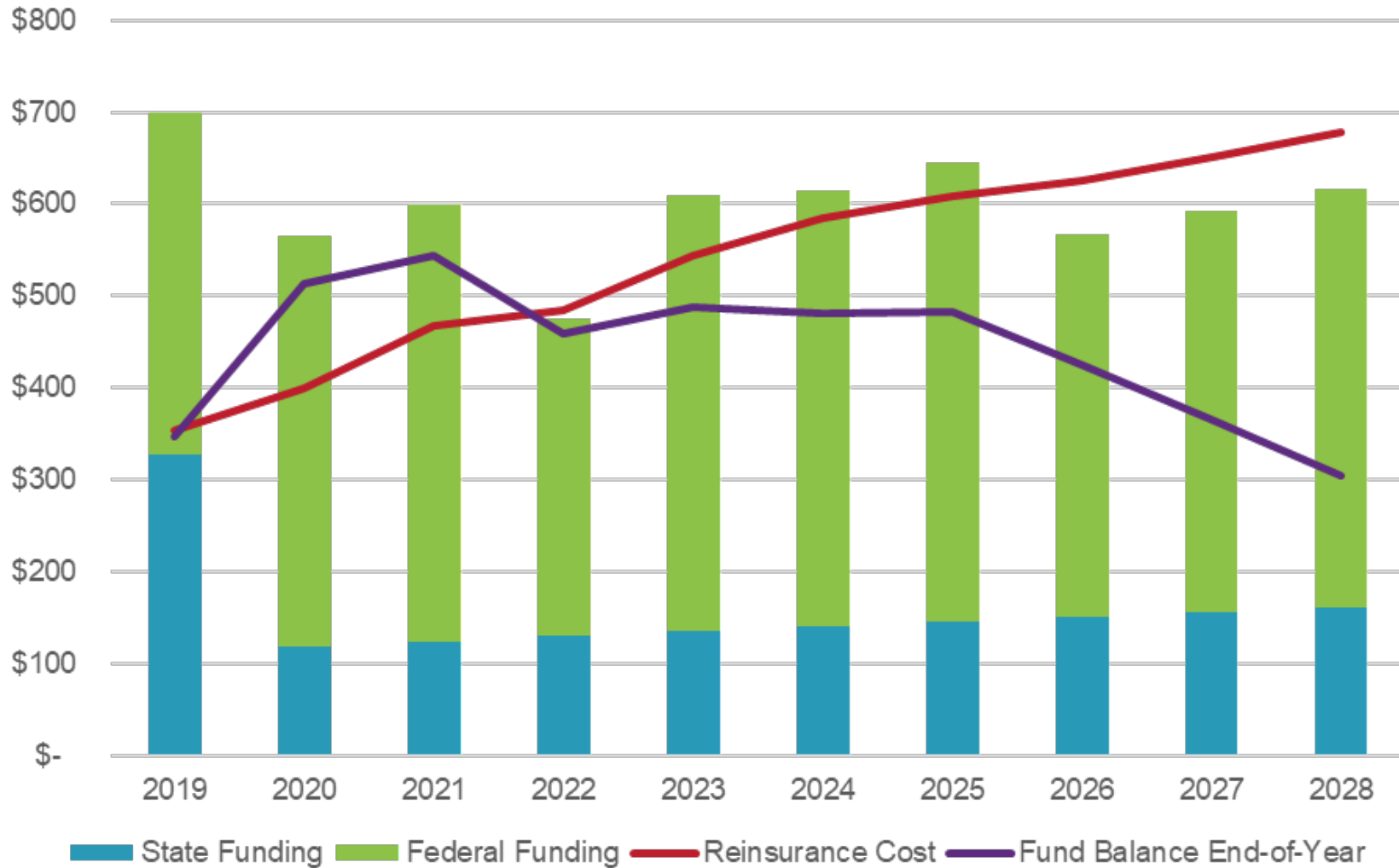
- **Enrollment:** No impact expected
- **Rates:** A \$500 increase in the attachment point is projected to increase rates by approximately 0.6%
- **Reinsurance program solvency:** Increases 2028 reinsurance fund balance by \$32M, from \$304M to \$336M

# October 2022 SRP Funding Projections with 2024 Attachment Point of \$19,500



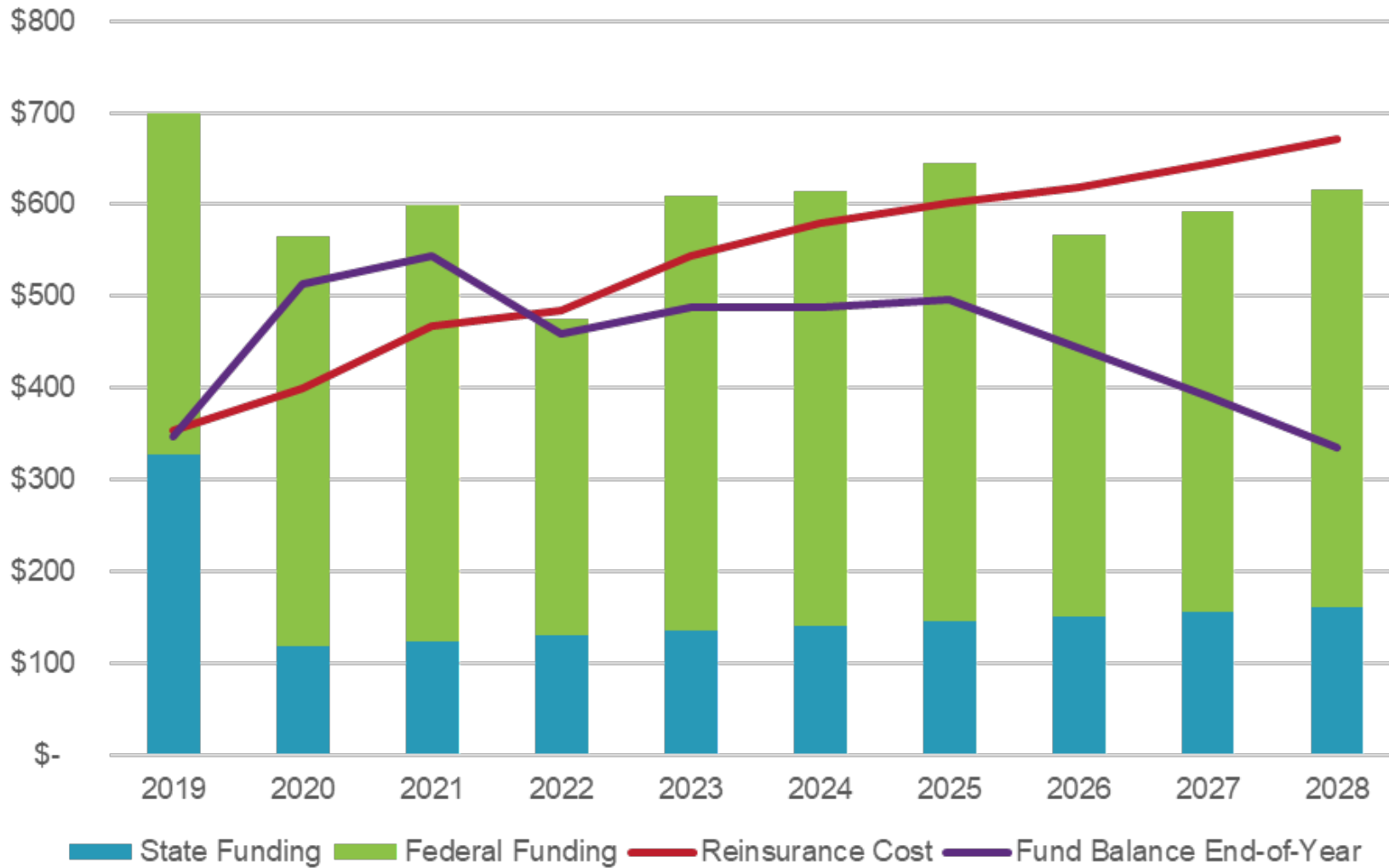
- Projections assume \$19,500 attachment point in 2024, increasing by \$1000 annually thereafter; enhanced federal subsidies end in 2025.
- Reflected in end-of-year balance, but not otherwise shown: \$219M removed from state SRP fund for other programs across FY21-25, and est. \$30M used for Young Adult Subsidy across FY22-24.

# July 2023 SRP Funding Projections with 2024 Attachment Point of \$19,500



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The background is a solid teal color. In the center, there is a stylized graphic of a flower or a four-petaled shape, composed of four overlapping, semi-transparent teal circles that meet at the center. The text "Carrier Accountability Reports" is centered horizontally and vertically over this graphic.

# 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
- Annual reports cover plan years (PYs) 2019-2021
  - CareFirst
  - Kaiser Permanente
  - United (2021 only)

# 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

# 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](#)



# Enrollment and Payment Breakdown by Carrier

- Adults aged 55-64 years accounted for the largest portion of both SRP enrollment and payments in all 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	% of Total Market Enrollment
<b>PY 2019</b>					
CareFirst HMO	6,890	60%	\$206,560,535	59%	57%
CareFirst PPO	2,205	19%	\$60,674,198	17%	6%
Kaiser	2,389	21%	\$85,563,864	24%	37%
<b>Total</b>	<b>11,484</b>	<b>100%</b>	<b>\$352,798,597</b>	<b>100%</b>	<b>100%</b>
<b>PY 2020</b>					
CareFirst HMO	7,911	64%	\$249,106,654	62%	64%
CareFirst PPO	2,268	18%	\$67,555,718	17%	6%
Kaiser	2,225	18%	\$83,002,043	21%	31%
<b>Total</b>	<b>12,404</b>	<b>100%</b>	<b>\$400,106,654</b>	<b>100%</b>	<b>100%</b>
<b>PY 2021</b>					
CareFirst HMO	9,556	65%	\$300,322,022	64%	65%
CareFirst PPO	2,636	18%	\$81,335,082	17%	6%
Kaiser	2,419	16%	\$81,956,876	18%	28%
United	96	1%	\$4,044,509	1%	2%
<b>Total</b>	<b>14,707</b>	<b>100%</b>	<b>\$467,658,488</b>	<b>100%</b>	<b>100%</b>

# 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.

# 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.



# Board Action

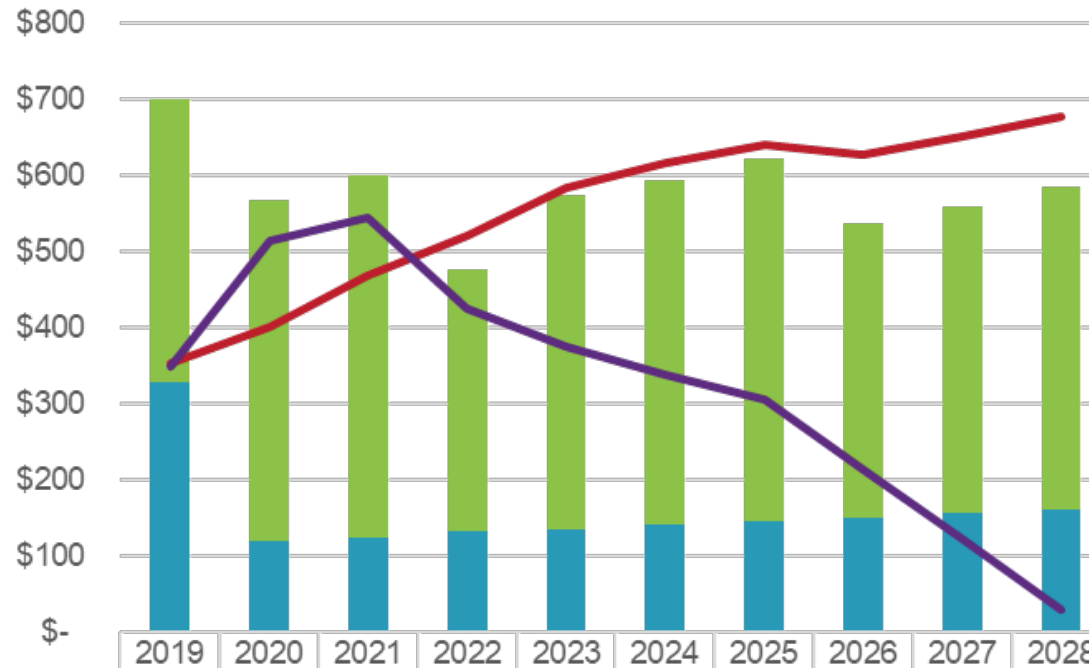
# Board Action Requested

Staff requests that the Board approve the final parameters for the 2024 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.

# Appendix



# October 2022 Projections: SRP Funding Summary



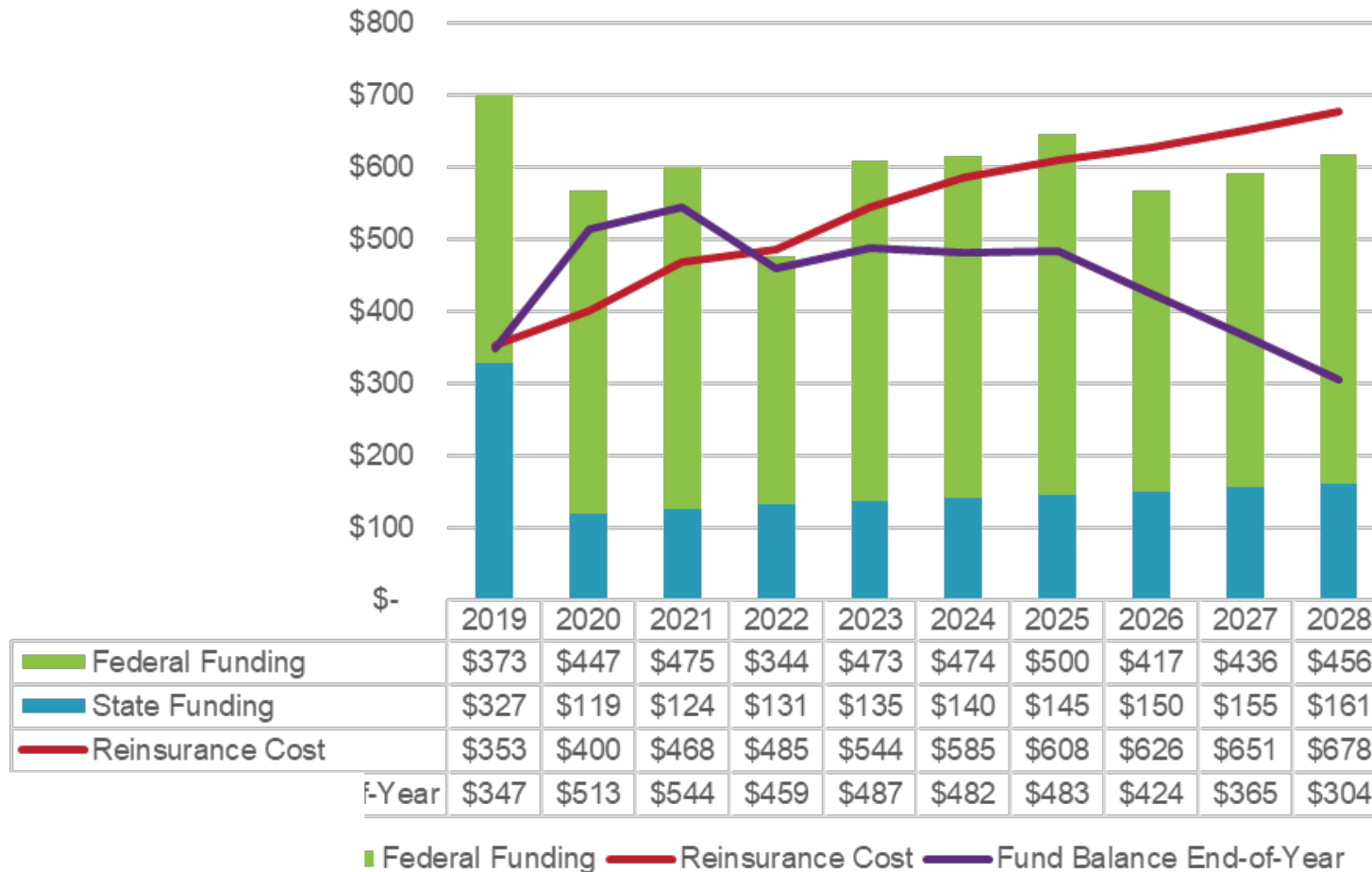
Federal Funding	\$373	\$447	\$475	\$344	\$439	\$453	\$476	\$386	\$404	\$422
State Funding	\$327	\$119	\$124	\$131	\$135	\$140	\$145	\$150	\$155	\$161
Reinsurance Cost	\$353	\$400	\$468	\$520	\$582	\$615	\$639	\$626	\$651	\$677
Fund Balance End-of-Year	\$347	\$513	\$544	\$424	\$374	\$337	\$304	\$214	\$123	\$29

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

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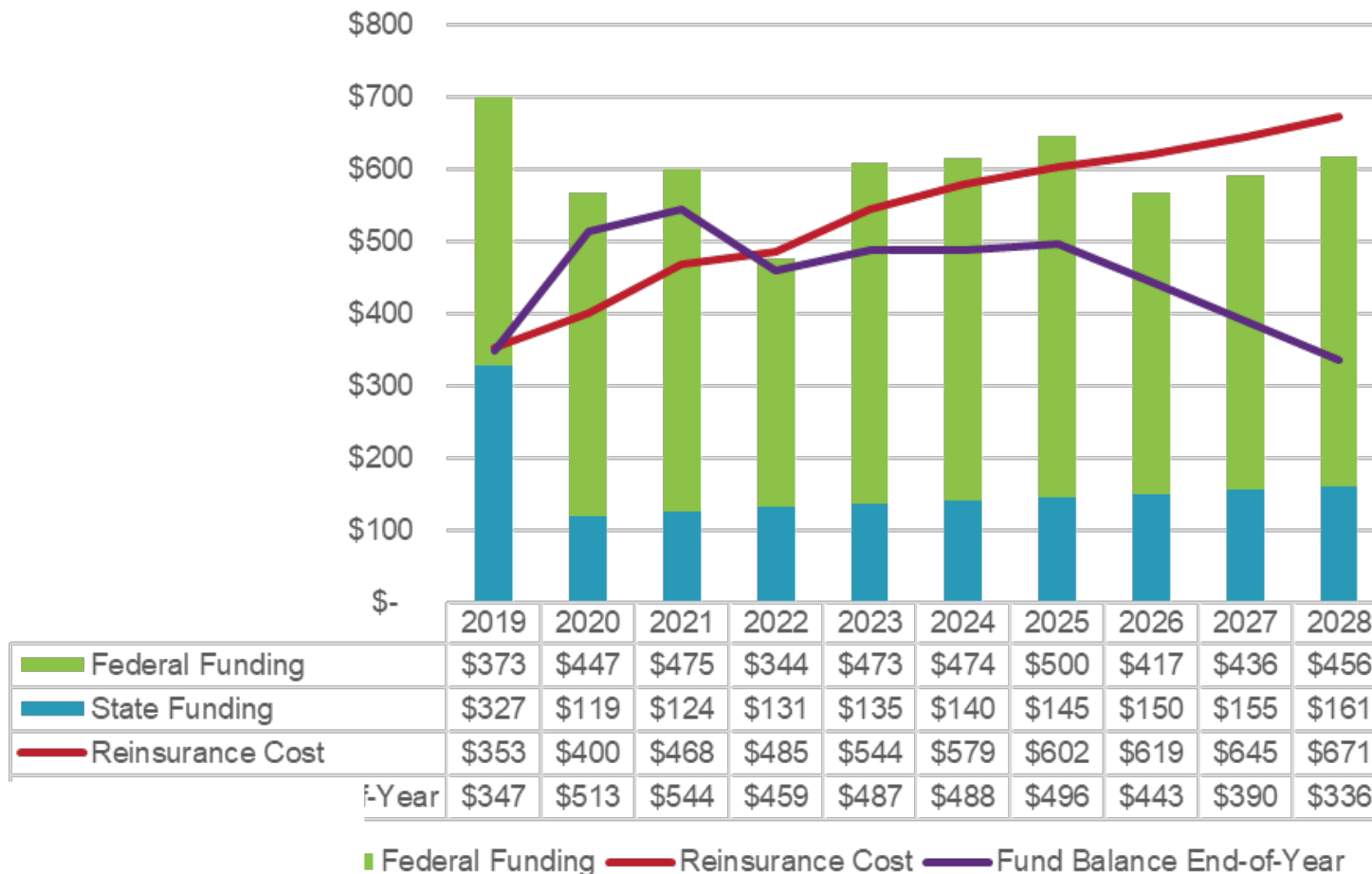


# SRP Funding Summary with 2024 Attachment Point (AP) of \$19,500



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Thank you!

