

2026 Estimated Reinsurance Parameters

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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 2025 SRP Key Dates

February 18, 2025	MHBE Board	Set estimated 2026 SRP parameters.
Spring 2025	CMS	Publish estimated and final 2025 pass-through funding
May 19, 2025	MIA	2026 Rate Filing Deadline
May 2025	MIA CMS MHBE Policy	Proposed 2026 rates due Shares unadjusted 2024 SRP carrier payment amounts Carriers submit 2024 and emerging 2025 data
June 30, 2025	MHBE Policy	2024 Carrier SRP Accountability Reports due
Early July 2025	MHBE Policy	Finalize recommended 2026 SRP parameters
July 21, 2025	MHBE Board	Set final 2025 SRP parameters.
Mid-August – Early September	MIA	2026 rates finalized
September 2025	MHBE	Issuers receive SRP payments for 2024 claims experience

Key Terms

- The [State Reinsurance Program](#) reimburses insurers for a portion of their claims costs. Lower costs allow carriers to charge lower premiums, and rates are now more than 20% lower than they were before reinsurance.
- When an enrollee's claims costs exceed a certain amount, called the [attachment point](#), reinsurance begins reimburses the carrier for a portion of claims costs
- The portion of claims costs reimbursed by the reinsurance program is called the [coinsurance rate](#)
- Reinsurance stops reimbursing the carrier for claims costs once they exceed a certain dollar figure, called the [reinsurance cap](#)

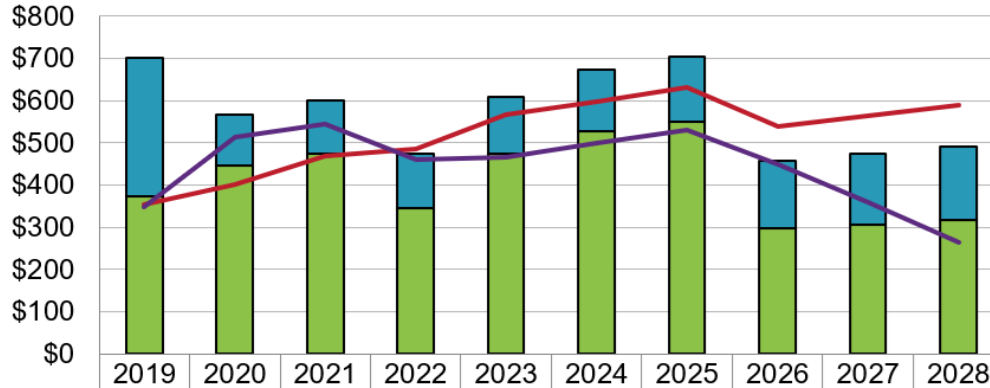
Estimated 2026 SRP Parameters – Staff Recommendation

- For the purposes of 2026 rate filing, MHBE staff recommend an attachment point of \$22,000, 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 2019-2022	Final 2023	Final 2024	Final 2025	Estimated 2026
Attachment Point	\$20,000	\$18,500	\$20,000	\$21,000	\$22,000
Coinsurance Rate	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	0.760-0.805	0.840	0.850	0.850	TBD

October 2024 SRP Funding Projections with 2026 Attachment Point of \$22,000

Reinsurance Cost and Funding Projections Through 2028 (Millions)



State Funding	\$327	\$119	\$124	\$131	\$137	\$146	\$153	\$160	\$167	\$174
Federal Funding	\$373	\$447	\$475	\$344	\$473	\$527	\$551	\$298	\$307	\$318
Reinsurance Cost	\$353	\$400	\$468	\$485	\$568	\$598	\$632	\$539	\$563	\$588
Fund Balance End-of-Year	\$347	\$513	\$544	\$459	\$465	\$500	\$530	\$448	\$359	\$263

- Projections assume attachment point increases by \$1000 annually; 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. \$68M for Young Adult Subsidy across FY22-26.

Summary of Next Steps

- 1. Feb. 18:** Board sets estimated 2026 reinsurance parameters to inform rate filings due in May
- 2. February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
- 3. May:** Carriers submit 2024 and emerging 2025 claims data; MHBE and MIA analyze in May and June to recommend final 2026 reinsurance parameters
- 4. July:** Board sets final 2026 reinsurance parameters

Request to Approve 2026 Estimated State Reinsurance Program Parameters

MOTION: I move to [approve/defer/reject] the estimated parameters for the 2026 State Reinsurance Program [as presented] or [as amended], with:

- an attachment point of \$22,000,
- a coinsurance rate of 80%,
- a cap at \$250,000, and
- a dampening factor to be provided by the Insurance Commissioner.