

Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE:

A. GRANTEE INFORMATION		
1. Reporting Period End Date December 31, 2019	2. Report Due Date March 31, 2020	3. Report Submitted On (Date) March 31, 2020
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1SIWIW190006-01-00	6a. DUNS Number 07847412	6b. EIN 526002033
7. Recipient Organization Name Maryland Health Benefit Exchange		
Address Line 1 750 East Pratt Street		
Address Line 2 6th Floor		
Address Line 3		
City Baltimore	State Maryland	Zip Code 21202
Zip Extension	8. Grant Period Start Date January 1 2019	9. Grant Period End Date December 31 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		

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B. REPORT CERTIFICATION


11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

11a. Typed or printed name and title of Authorized Certifying Official

Michele Eberle

11b. Signature of Authorized Certifying Official

Michele Eberle

 Digitally signed by Michele Eberle
Date: 2020.03.31 16:03:05 -04'00'

11c. Telephone (area code, number, and extension)

(443) 750-2987

11d. E-mail address

Michele.eberle@maryland.gov

11e. Date report submitted (month/day/year)

March 31, 2020

C. PROGRESS OF SECTION 1332 WAIVER - General

12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.

Implementation:

During Q4, the Maryland Health Benefit Exchange (MHBE) worked with the actuarial firm, Lewis and Ellis, as well as the Maryland Insurance Administration (MIA) to reassess the parameters of the SRP. After comparing 2021 projected and actual enrollment, Lewis and Ellis determined that the existing 2020 parameters would still achieve the previously projected results for 2021, based on the data available at that time. MHBE recommended to the Board that no changes to the attachment point, coinsurance, and cap established for the 2019 and 2020 State Reinsurance Program take place. The Board approved the estimated 2021 State Reinsurance Payment Parameters during the February 2020 Board meeting. MHBE is currently seeking stakeholder comments on the estimated reinsurance parameters, and expects to present comments to the Board during the April meeting. The Board will finalize the parameters over the summer.

Lewis and Ellis also analyzed risk adjustment/reinsurance interactions and recommended two different dampening factor approaches, one based on claims and the other based on risk. The claims-based approach had already been implemented by the MIA with a difference in loss ratios between low claims and high claims projected at 46%. The new risk-based approach showed a difference in loss ratio between reinsurance payers and reinsurance receivers at 64%. The new risk based approach was released to both carriers participating in the Individual Marketplace for comment. One was in favor of the risk-based approach, and one expressed a number of concerns. The MIA has developed a hybrid method, combining aspects of the claims-based approach and risk-based approach, which is currently published for public

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comment.

Operations:

MHBE appointed a new Director of Policy and Plan Management in December 2019, Johanna Fabian-Marks. She will assume John-Pierre Cardenas's role in reporting and tracking of the State Reinsurance Program's progress. Three quarterly reports and one pass through funding report were completed for 2019.

In addition, on March 18, 2020 MHBE signed an amended EDGE Server Agreement with CMS, such that CMS will identify paid claims eligible for reimbursement under the Maryland Reinsurance Program for services provided during the entire waiver period of January 1, 2019 through December 31, 2023.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

No updates at this time.

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D. PROGRESS OF SECTION 1332 WAIVER - State-Specific		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	134,402	Total member months for 2019: 1,600,818
Actual individual market enrollment off the Exchange in the state	56,602	Total member months for 2019: 679,224
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$562.62	
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$615.98	Ratio adjusted average based up member months per carrier
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Rating Area 1: \$327.98 Rating Area 2a: \$542.58 Rating Area 2b: \$327.98 Rating Area 3: \$327.98 Rating Area 4a: \$542.58 Rating Area 4b: \$327.98	21-year old, non-smoker Data used from CMS State Specific Premium Data 2019 (https://www.cms.gov/files/document/2019-states-combinedslcsp.xls)
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Rating Area 1: \$453.28 Rating Area 2a: \$988.7 Rating Area 2b: \$453.28 Rating Area 3: \$453.28 Rating Area 4a:	21 year old, non-smoker Data used from CMS State Specific Premium Data 2019 (https://www.cms.gov/files/document/2019-states-combinedslcsp.xls)

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	Value	Comments (if applicable)
	\$988.7 Rating Area 4b: \$453.28	
d. <i>For states with State-based Exchanges</i> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	Rating Area 1: \$221,818,074.070 Rating Area 2: \$127,637,142.650 Rating Area 3: \$259,787,469.890 Rating Area 4: \$84,349,689.980	
e. <i>For states with State-based Exchanges</i> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	113,035	Total member months for 2019: 1,356,416
<p>15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.</p> <p>Maryland's Reinsurance waiver does not impact the scope of benefits covered on Maryland's Essential Health Benefit benchmark.</p>		
<p>16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.</p> <p>No changes to report.</p>		
<p>17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.</p> <p>No changes have been made in state law that may impact the waiver.</p>		

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18. Report on spending:		
	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program		Will report following receipt of 2019 reinsurance payment calculations by CMS, after 2019 EDGE file submission
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$347,218.75	Actuarial support services
c. Amount of any unspent balance of Federal pass-through funding for the reporting year		Will report following receipt of 2019 reinsurance payment calculations by CMS, after 2019 EDGE file submission
d. Amount of state funding contribution to fully fund the program for the reporting year		Will report following receipt of 2019 reinsurance payment calculations by CMS, after 2019 EDGE file submission
<p>19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.</p> <p>Not applicable because Maryland has a claims-based reinsurance program.</p>		
<p>20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.</p> <p>Issuers are required to submit State Reinsurance Program Accountability Reports annually on June 30 for the preceding year, in which they document their actions to manage the costs and utilization of enrollees whose claims are reimbursable under the state reinsurance program.</p>		
<p>21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.</p>		
	Value	Comments (if applicable)

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<p>a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool</p>		<p>HHS does not modify RA payments in Maryland. However, for 2019 payments the state will apply, at the state level, a factor to reinsurance payments to adjust for the interaction with risk adjustment program. This is dependent on receipt of the information referenced in section 18 of this report, and can be reported at the same time</p>
<p>b. Risk adjustment amount paid by HHS for those claims</p>		<p style="text-align: center;">See response to 21a</p>
<p>c. Reinsurance reconciliation (or true-up) amount applied</p>		<p style="text-align: center;">See response to 21a</p>

E. POST-AWARD FORUM

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?

- Yes**
 No

23. State website address where Post-Award Forum was advertised

<http://www.dsd.state.md.us/MDR/mdregister.html>
(May 2019 Issue)

24. Date Post-Award Forum took place

May 2, 2019

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments.

On May 2, 2019 MHBE hosted the first post-award forum regarding the State Reinsurance Program. The forum was attended by representatives from both carriers participating in the Individual marketplace (Kaiser and CareFirst) as well as one consumer health advocate, and a nonpartisan research organization who assists MHBE with certain policy initiatives. One written comment was provided on behalf of CareFirst, who expressed optimism about the stabilization of the individual market as well as evidence of lower premium rates in 2019 as a direct result of the State Reinsurance Program.

John-Pierre Cardenas, former Director of Policy, provided an in-depth presentation regarding the overall environment of the non-group market in Maryland pre-waiver, and the reasons why Maryland decided to

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pursue the waiver. The presentation also outlined Maryland's reasoning behind choosing a funding mechanism, and public engagement process.

Two participants provided oral testimony, including a consumer advocate who provided the following recommendations: 1) Move to a flat funding program 2) There should be a continuation of equitable premium decreases for consumers enrolled in HMO and PPO plans 3) There should be equitable premium decreases for consumers qualifying for financial assistance and consumers who do not qualify for financial assistance, and finally 4) That there should be no double payments for claims reimbursed through the risk adjustment program. MHBE has taken all these recommendations into consideration. Kaiser asked to be given the opportunity to review the actuarial analysis to set the payment parameters, which MHBE complied with in October 2019.

Meeting minutes and documents can be found on MHBE's Reinsurance webpage (<https://www.marylandhbe.com/policy-legislation/public-comment/1332-waiver/>).

26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)

Public forum comment letters; Public forum minutes; Forum presentation

F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION

27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

Yes

No

28. Describe the state's implementation review process.

Maryland produced three quarterly reports, one pass-through funding report, and one annual report to the Center for Medicare and Medicaid Services Center for Consumer Information and Insurance Oversight (CCIIO). These reports catalog a timely process of how the Maryland State Reinsurance Program functions throughout the plan year.

To support the implementation of oversight of the Maryland Reinsurance program, Maryland adapted state specific regulations surrounding the program (COMAR 14.35.17 State Reinsurance Program). This chapter sets forth the structure, implementation, and eligibility standards for the State Reinsurance Program, as required under Insurance Article, §31-117, Annotated Code of Maryland. Regulations were finalized in January 2019.