



State Reinsurance Program Annual Public Forum

June 17, 2020

12:30 p.m. – 2:30 p.m.

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.

1332 Waiver Presentation¹

Ms. Fabian-Marks began by explaining that this forum is required by federal regulation and is held annually. The purpose of this forum is to provide the public with an opportunity to comment on the progress of the waiver.

Ms. Fabian-Marks reported that monthly premiums continued to decrease in 2020 by an average of 20 percent, this is in addition to a 13 percent decrease in 2019. The proposed rates filed for 2021 continue this decrease, with an average filed decrease of 4.8 percent. The Maryland Insurance Administration (MIA) will review and approve final rates later this year. Without the state reinsurance program (SRP), it was estimated the rates would increase by an average of 19.6 percent in 2020.

Ms. Fabian-Marks noted that with the lower premiums, more enrollees were able to upgrade to higher value plans with lower cost-sharing. Enrollment also continued to rise, with enrollment in the individual market exchange at a four-year high. In contrast, enrollment on the federal platform decreased by roughly 1.5 percent in 2020. Without the reinsurance program, it is estimated that individual market enrollment would be 10 percent lower due to higher premiums.

Ms. Fabian-Marks reported that United Healthcare will be rejoining the individual market for 2021. This will make 2021 the first year with an increase in the number of individual market carriers since 2015. She noted that this is another sign that the reinsurance program is stabilizing the market and making it more attractive to carriers.

Ms. Fabian-Marks provided an overview of the projected program costs and actual federal funding. For 2020, the MHBE projected that the federal pass-through would be \$324 million, but the actual federal funding will be \$447 million. The MHBE is currently in the process of finalizing the actual state costs for 2019, which should be completed soon.

¹ The presentation slides are available at <https://www.marylandhbe.com/policy-legislation/public-comment/1332-waiver/>.

Program Developments

Ms. Fabian-Marks went through a timeline of program developments in the reinsurance program in the past year.

Ms. Fabian-Marks reported that Maryland regulations require all carriers participating in the SRP to submit an annual report describing carrier activities to manage the cost and utilization of enrollees whose claims were reimbursed under the SRP. The first round of these reports will be due this summer or early fall and will reflect the 2019 experience. The MHBE is currently in the process of reviewing the feedback they received from carriers on the draft guidance for the report and will incorporate the feedback into the final guidance.

Ms. Fabian-Marks then went over the SRP parameters for 2019 through 2021, including the estimated parameters for 2021. For 2021, it is estimated that the attachment point will continue to be \$20,000, the co-insurance rate will stay at 80 percent, and the cap will be \$250,000. The dampening factor is still being determined. The MHBE intends to finalize the parameters this summer because the MIA and carriers need to finalize their rates in August or September and need to be able to factor in the SRP parameters.

Ms. Fabian-Marks explained that the parameters include a dampening factor to prevent carriers from being over-compensated for high-risk/high-cost enrollees because there is also a federal risk adjustment program that transfers money from carriers with lower than average risk to carriers with higher risk. There are three possible approaches for calculating the dampening factor: claims-based, risk-based, and hybrid. The MHBE had a public comment period on the 2021 reinsurance parameters and dampening factor approach and received comments from both carriers. One carrier preferred the risk-based approach with the hybrid approach as an alternative, and the other carrier preferred the hybrid approach.

Ms. Fabian went over a list of remaining activities for 2020, including finalizing the carrier accountability report guidance, updating the 10-year waiver projections using 2019 data, and two legislative reports.

Questions

Ms. Fabian-Marks then opened the floor for questions from the audience.

An attendee asked if the legislative report on an individual market subsidy program will be discussed in a public or workgroup forum. Ms. Fabian-Marks responded that the current focus has been finalizing the 2021 reinsurance parameters, but the MHBE is happy to incorporate public involvement in this report.

An attendee asked if United HealthCare joining in 2021 will have a significant impact on how the MHBE is proceeding for 2021. Ms. Fabian-Marks responded that she does not anticipate that United Healthcare's inclusion will have a major impact on the SRP. There will still be a similar mix of enrollees, but perhaps with a different distribution among carriers. The hope is that the additional competition will help reduce premiums over time.

An attendee asked if Ms. Fabian-Marks could share the feedback MHBE received on the carrier accountability report. Ms. Fabian-Marks responded that they received a range of feedback, including suggestions that the MHBE should seek data on demographic characteristics to look at health equity

and disparities. The also received comments suggesting different breakdowns of claims data, as well as other more technical comments.

Public Testimony

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

Allison Mangiaracino, Kaiser Permanente offered the following testimony:

Thank you for the opportunity to comment. We at Kaiser Permanente wanted to express support for the reinsurance program, and we appreciate the Exchange's willingness to engage and share information with carriers. Again, thank you for the opportunity to comment.

Debbie Rivkin, Vice President Government Affairs, CareFirst, offered the following testimony:

I just wanted to, for the record, say that we have submitted written comments to support the reinsurance program.

Closing

Ms. Fabian-Marks closed the meeting. Members of the public are invited to submit any additional comments to MHBE.publiccomments@maryland.gov.

Deborah R. Rivkin
Vice President
Government Affairs, Maryland

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June 17, 2020

Michele Eberle
Executive Director, Maryland Health Benefit Exchange
750 E. Pratt St.
Baltimore, MD 21202

Dear Ms. Eberle:

Thank you for the opportunity to provide comments concerning the progress of Maryland's State Reinsurance Program through this annual public forum. CareFirst offers the following comments for your consideration.

CareFirst's 2021 Maryland rate filing reflects that the State Reinsurance Program continues to achieve its goal of stabilizing individual market rates.

The intent of the reinsurance program was to reduce sharp increases in individual market rates to prevent healthy individuals from leaving the market, and that rate changes moving forward would be modest.

The vast majority of CareFirst's individual members (130,642 members as of 4/30/2020) are enrolled in our HMO product where CareFirst has filed an 1.1% decrease. If approved as filed, this would mark the first year of a single digit rate change (increase or decrease) since the inception of the ACA. We believe this reflects that the deterioration of the individual market has stabilized due to the reinsurance program. This decrease is the third year of consecutive decreases in Maryland, which is a direct result of the reinsurance program. A smaller subset of CareFirst's individual members (11,665 members as of 4/30/2020) are enrolled in our PPO product where CareFirst has filed a 12.0% decrease.

Based on the success of the reinsurance program to date, CareFirst supports continuation of the program.

Removing reinsurance would lead to a reversion to large spikes in premiums and healthy individuals leaving the market, creating a downward spiral. Without a sustainable individual market, individuals will either shift to Medicaid or become uninsured.

Elected officials, insurers, regulators, hospitals and others must continue to work toward lasting solutions that reduce the cost of care and help make coverage truly affordable. With full funding for the remainder of the existing waiver through 2023, we are optimistic that Maryland's individual market will remain stable as the state continues to develop solutions for long term stability.

Thank you again for the opportunity to comment on the State Reinsurance Program. Please don't hesitate to contact me with any further questions.

Sincerely,

A handwritten signature in black ink that reads "Deborah R. Rivkin".

Deborah R. Rivkin