MHBE Individual Subsidy Work Group

October 22, 2020

MARYLAND HEALTHBENEFIT EXCHANGE

Agenda

Agenda

10AM-10:05AM
Welcome/Agenda/Approve Minutes

10:05AM-10:25AM
Massachusetts State Subsidy Design

10:25AM-10:30AM
Revised Work Group Agenda

10:30AM-10:55AM
Comparison of CA and MA and Workgroup Discussion

10:55AM-11AM
Public Comment

Massachusetts Health Connector

MASSACHUSETTS HEALTH CONNECTOR
the right place for the right plan

Overview of the Massachusetts ConnectorCare Program

Discussion with Maryland

Thursday, October 22, 2020

Health Connector & ConnectorCare Overview

As the state's health insurance Marketplace, the Health Connector offers Massachusetts residents and small businesses a way to compare and enroll in qualified health and dental plans, understand their health coverage options, and access affordable care. ConnectorCare is our flagship program.

- The Health Connector was created in 2006, as part of a set of state health reforms aimed at increasing access to health insurance in Massachusetts, and later adapted to incorporate the federal health reforms of the Affordable Care Act (ACA)
- The Health Connector's programs, outreach, public education efforts, and policies have helped Massachusetts lead the nation with over 97% of residents insured
- In addition to its role as a place to compare and shop for coverage, the Health Connector plays an active policy role in Massachusetts' health reform by determining the policies that govern the Commonwealth's health insurance mandate
- The Health Connector currently provides individual market health insurance to almost 300,000 Massachusetts residents, with about three-quarters enrolled in the ConnectorCare program, a unique state program that enhances affordability for eligible individuals with incomes up to 300% of the Federal Poverty Level (FPL)

Program Design

ConnectorCare Eligibility Overview

Individuals can be eligible for ConnectorCare if they meet the same eligibility criteria required by the ACA to receive Marketplace coverage and subsidies, but only if their incomes are up to 300% FPL.

- For an applicant to be eligible for any individual/family QHP through the Health Connector, they must be a lawfully-present resident of Massachusetts and not be incarcerated
- In addition, for an applicant to be eligible for the ConnectorCare program, they must meet the same eligibility requirements as those required to receive federal APTCs, with one income-related difference:
  - An applicant must be ineligible for other types of Minimum Essential Coverage (MEC), such as Medicaid, Medicare, Peace Corps, TRICARE, or Veterans Affairs coverage
  - An applicant must not be already enrolled in or eligible for affordable, minimum-value employer-sponsored Insurance (ESI)
  - An applicant must have Modified Adjusted Gross Income (MAGI) for the household up to 300% FPL

Plan Type	FPL
ConnectorCare PT 1	**PT 1** (0-100% FPL)
ConnectorCare PT 2	**PT 2A** (100.1-150% FPL) **PT 2B** (150.1-200% FPL)
ConnectorCare PT 3	**PT 3A** (200.1-250% FPL) **PT 3B** (250.1-300% FPL)

  - As with APTC eligibility, immigrants who are lawfully present but do not qualify for Medicaid are eligible for ConnectorCare with incomes under 100% FPL
  - American Indians/Alaska Natives (AI/AN) with incomes up to 300% FPL are eligible for ConnectorCare with zero cost-sharing; non-AI/AN individuals pay cost-sharing according to their FPL

ConnectorCare Premiums

The Health Connector designs ConnectorCare premiums alongside affordability standards used by the state's individual mandate.

- Although the individual mandate is independent of ConnectorCare, the Health Connector decided early on that the program should be affordable both in practical terms and in the context of the individual mandate, such that failure to enroll would result in a penalty for eligible individuals
- After reviewing a number of methodologies in 2006, the Board ultimately set affordability standards for higher income individuals based on a blend of premiums for employer-sponsored and non-group coverage, set standards based on Medicaid eligibility for the lowest income individuals, and then progressively bridged the gap between for others under 300% of the Federal Poverty Level.

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 – 150%	$0	$19,140	0%	$0	$0
150.1 – 200%	$19,141	$25,520	2.90%	$46	$62
200.1 – 250%	$25,521	$31,900	4.20%	$89	$112
250.1 – 300%	$31,901	$38,280	5.00%	$133	$160
300.1 – 350%	$38,281	$44,660	7.45%	$238	$277
350.1 – 400%	$44,661	$51,040	7.60%	$283	$323
Above 400%	$51,041		8.00%	$340	

- This table shows the 2021 affordability standards for the individual mandate and the monthly premiums they translate to
- The minimum affordable premium in each income bracket becomes the ConnectorCare base premium

ConnectorCare Plan Designs

ConnectorCare plans have standardized cost-sharing according to plan type.

- Plan Type 1 was designed to align with the state's Medicaid MCO cost-sharing
- Plan Types 2 and 3 were designed to align with Commonwealth Care plans
- ConnectorCare enrollees have low co-pays and Maximum Out-of-Pocket amounts, and no deductibles or coinsurance, across a range of standard benefit categories
- The Health Connector largely has not modified these plan designs since the launch of the ConnectorCare program

CONNECTORCARE BENEFITS & COPAYS				
Plan Type		**Plan Type 1**	**Plan Types 2A & 2B**	**Plan Types 3A & 3B**
Medical Maximum Out-of-Pocket (Individual/ Family)		$0	$750/$1,500	$1,500/$3,000
Prescription Drug Maximum Out-of-Pocket (Individual/ Family)		$250/$500	$500/$1,000	$750/$1,500
Preventive Care/Screening/Immunization		$0	$0	$0
Primary Care visit to treat injury or illness (exc. Well Baby, Preventive and X-rays)		$0	$10	$15
Specialist Office Visit		$0	$18	$22
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services		$0	$10	$15
Rehabilitative Speech Therapy		$0	$10	$20
Rehabilitative Occupational and Rehabilitative Physical Therapy		$0	$10	$20
Emergency Room Services		$0	$50	$100
Outpatient Surgery		$0	$50	$125
All Inpatient Hospital Services (including Mental/Behavioral Health and Substance Abuse Disorder Services)		$0	$50	$250
High Cost Imaging (CT/PET Scans, MRIs, etc.)		$0	$30	$60
Laboratory Outpatient and Professional Services		$0	$0	$0
X-Rays and Diagnostic Imaging		$0	$0	$0
Skilled Nursing Facility		$0	$0	$0
Retail Prescription Drugs:	Generics Preferred Brand Drugs Non-Preferred Brand Drugs Specialty High Cost Drugs	$1 $3.65 $3.65 $3.65	$10 $20 $40 $40	$12.50 $25 $50 $50

ConnectorCare Carriers Overview

The ConnectorCare program is established each year through a competitive procurement for participating health plans.

- The Health Connector selects participating carriers as part of its annual "Seal of Approval" (QHP certification process). A subset of these carriers are selected to participate in ConnectorCare
  - ConnectorCare carriers must agree to additional certification requirements, such as additional network adequacy standards
  - ConnectorCare carriers must be prepared to administer the program's subsidy structure
- While ConnectorCare carrier selection can change year-to-year, the program tends to feature carriers with experience providing subsidized/public health coverage
  - Currently, larger commercial carriers without experience implementing and managing government subsidy programs have not been selected to participate in ConnectorCare
  - Most ConnectorCare carriers have selective networks with competitive unit pricing – likely in part due to historical ties with other public programs. While this is beneficial in maintaining competitive pricing, it can present challenges, as ConnectorCare enrollees may not have ready access to the same breadth of providers as unsubsidized enrollees
- For 2021, the following carriers were selected as ConnectorCare carriers:

allways HEALTH PARTNERS | BOSTON MEDICAL CENTER HEALTHNet PLAN | fallonhealth | Health New England | TUFTS Health Plan

**Tufts Health Direct, but not Tufts Health Premier, participates in the ConnectorCare program.*
AllWays Health Partners was Neighborhood Health Plan prior to Plan Year 2019.

Program Financing

Funding and Cost of ConnectorCare

The Health Connector's programmatic and administrative budgets account for all non-federally funded costs associated with ConnectorCare.

- The Health Connector's programmatic budget, which is largely comprised of State Premium Wrap and State Cost-Sharing Reduction subsidies, is funded by the state via the Commonwealth Care Trust Fund (CCTF). The CCTF collects revenue from a portion of the cigarette taxes, state individual mandate penalties, and employer assessments
- In addition, state premium and cost-sharing expenditures are supplemented by federal "matching funds" available through the 1115 waiver
- The Health Connector's administrative budget includes costs associated with administering all programs, as well as overhead and other contractual expenses. A portion of the administrative budget comes from CCTF, but another portion comes from the administrative fees assessed on the premium for all products sold through the Health Connector:
  - A fee of 3% of total unsubsidized premium is assessed on ConnectorCare products, as well as Non-Group and Small Group dental products
  - A fee of 2.5% of total unsubsidized premium is assessed on other Non-Group and Small Group medical products sold through the Health Connector

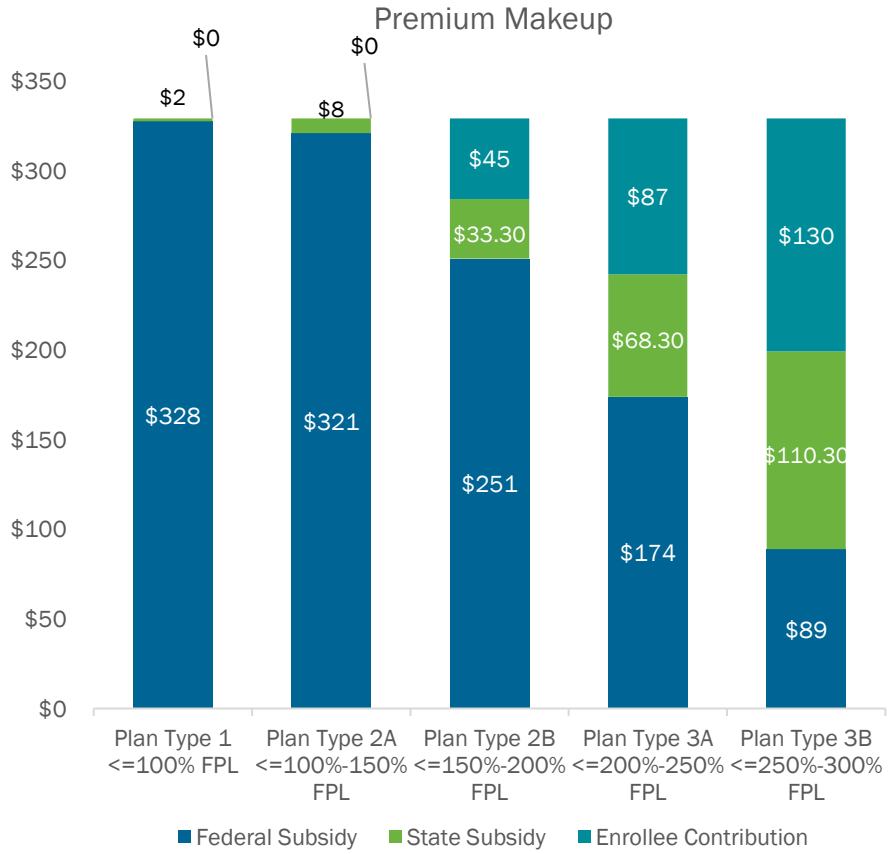
Back-End Financing of the ConnectorCare Program: State CSRs

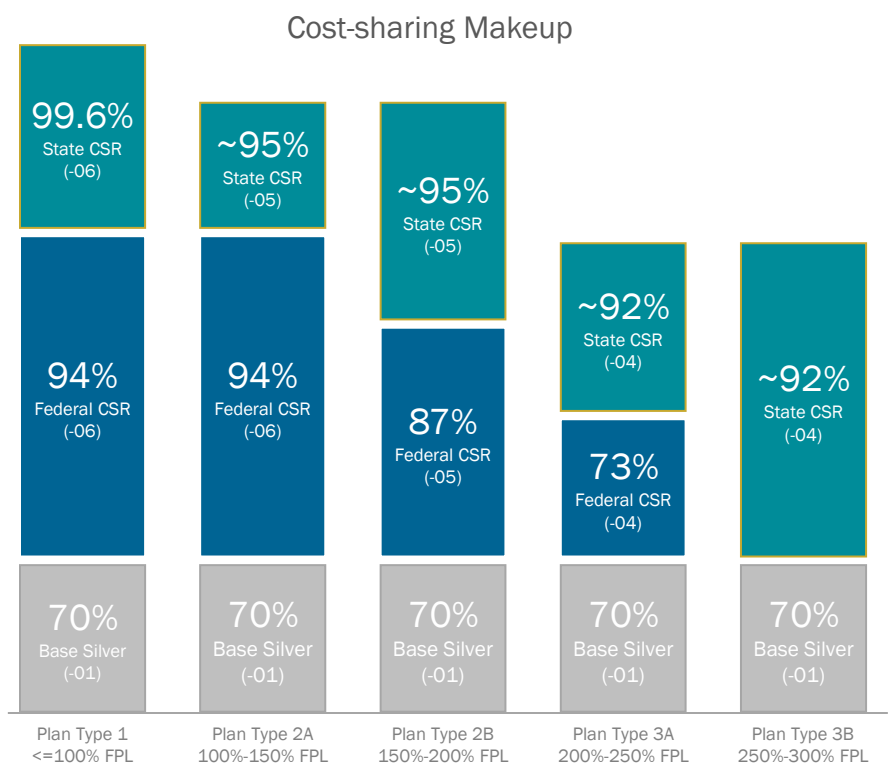
The Health Connector actuarial team determines the monthly advanced state CSR payments that will be sent to carriers to fund the cost of providing the enriched actuarial value of ConnectorCare plans.

- These advanced payments are the product of unsubsidized premium and the state-calculated CSR multipliers, and include the cost impact of providing the additional services a member may be encouraged to seek by the reduced level of cost sharing
- The Health Connector pays carriers these advanced monthly CSR payments, which vary according to enrollment
- Five months after the plan year ends, the Health Connector receives claims files from the carriers. These files include the true CSR cost based on actual utilization of medical services by enrollees, which are compared to the sum of advanced payments received from the Health Connector by each carrier
- Several months later, the Health Connector will either make an additional payment to the carrier if the sum of advanced payments is lower than the actual CSR cost, or the Health Connector will receive money from the carrier if the sum of advanced payments is higher than the actual CSR cost

ConnectorCare Financing: 2018-2021

For plan years 2018 and beyond, federal CSRs were withdrawn by the federal government and were no longer a component of ConnectorCare plan cost-sharing. To account for the lost revenue, ConnectorCare carriers were permitted to "premium load" their silver plans, which netted higher APTC.





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Notes:
- *Illustrative rates for a 42-year old in Boston (02136) in 2020, with FPL of 75%, 125%, 175%, 225% and 275%*
- *Applies maximum APTC and selects lowest-cost plan*

ConnectorCare Present and Future

ConnectorCare in Context

The Health Connector has structured other policies around ConnectorCare to make it easier to access and maintain and frequently considers how ConnectorCare works with other market segments.

- As of March 2020, ConnectorCare comprises 62% of all individual market enrollees in the state and 28% of enrollees in the state's merged individual and small group market
- Competition in the ConnectorCare program makes lower-cost plans available to unsubsidized individuals and small businesses
- Risk, age, and network differences lead ConnectorCare enrollees to have lower costs than other merged market enrollees,
- A number of policies encourage enrollment and retention of ConnectorCare members, including:

Enrollment Policy	Description
Shared eligibility & enrollment platform	The Health Connector maintains a fully-integrated "HIX" platform for Medicaid and Marketplace eligibility and enrollment functions. This allows for more streamlined transitions when individuals experience eligibility changes.
ConnectorCare special enrollment period (SEP)	Individuals who newly qualify for ConnectorCare (*i.e.*, applying for the first time or change in circumstances that results in ConnectorCare eligibility) are granted a SEP
Premium hardship waivers	ConnectorCare enrollees may apply for a waiver of or reduction in premium if they are experiencing extreme financial hardship
Dedicated outreach	The Health Connector engages in targeted outreach, such as a pilot program to allow those who are eligible for ConnectorCare to quickly enroll with just one form

The Future of ConnectorCare

The Health Connector is reviewing ways to ensure ConnectorCare remains a vibrant program moving forward and can adapt to a changing market landscape.

Key Challenge	Considerations
Instability stemming from continued failure to receive federal CSRs	• While silver loading generally makes carriers whole, this approach caused financial challenges for some ConnectorCare carriers with a higher proportion of lowest-income enrollees • CMS may not permit silver loading for future years • Premium stabilization funds helped mitigate the impact for 2019 and 2020 but are not predictable, given variations in carrier rates and membership from year to year
Trade-offs related to cost and network breadth	• Excluding high-cost "star" providers keeps premiums low but limits access to well-known providers • ConnectorCare members more often report not being able to find a plan with their preferred doctor or hospital compared to non-ConnectorCare members • Increasing provider pressures, including consolidation and COVID-19 make negotiating low prices even more challenging
Carrier participation in rural areas of the state that currently only have one carrier	• Over the last few years, two ConnectorCare carriers, CeltiCare and Minuteman, have exited the Exchange and no new carriers have joined the program • Parts of Western MA, Martha's Vineyard, and Nantucket only have one carrier • The Islands in particular are of concern because their hospitals are part of the high-cost Mass General/Brigham system not included in lower cost plan networks

Questions?

Revised Work Group Agenda

Revised Work Group Agenda (Tentative)

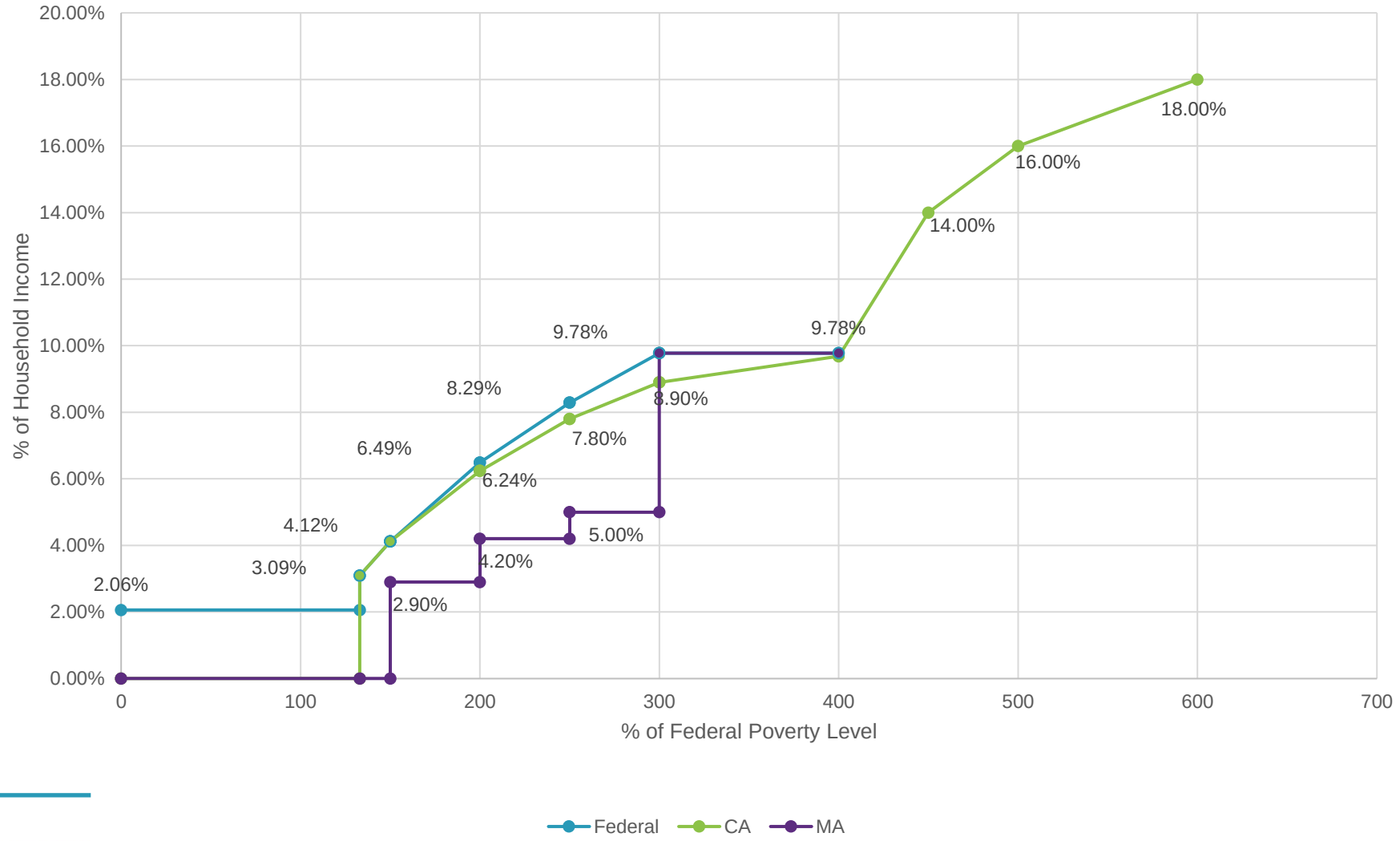
Oct 22	Welcome/Agenda/Approve minutes	5 minutes
	Massachusetts State Subsidy Design	20 minutes
	Comparison of CA and MA and work group discussion	30 minutes
	Public comment	5 minutes
Oct 28	Welcome/Agenda/Approve minutes	5 minutes
	L&E report	30 minutes
	Work group discussion	20 minutes
	Public comment	5 minutes
Nov 5	Welcome/Agenda/Approve minutes	5 minutes
	Workgroup discussion of target population and subsidy options	50 minutes
	Public comment	5 minutes
Nov 12	Welcome/Agenda/Approve minutes	5 minutes
	Vote on recommendations for target population	25 minutes
	Vote on recommendations for subsidy options	25 minutes
	Public comment	5 minutes

Comparison of CA and MA and Work Group Discussion

Subsidy Design

	Target Population	Subsidy Design	Impact	Funding
California	Mainly targeted at individuals 400-600% FPL	Reduces household contribution, modeled after federal APTC design	Difficult to untangle from impact of individual subsidy implemented at the same time	State general fund
Massachusetts	Under 300% FPL	Sets uniform premiums for 5 standard plans according to FPL. Also reduces cost-sharing	Lowest uninsured rate in the country at about 3%	State general fund; federal 1115 waiver

Household Contribution to Benchmark Silver Plan



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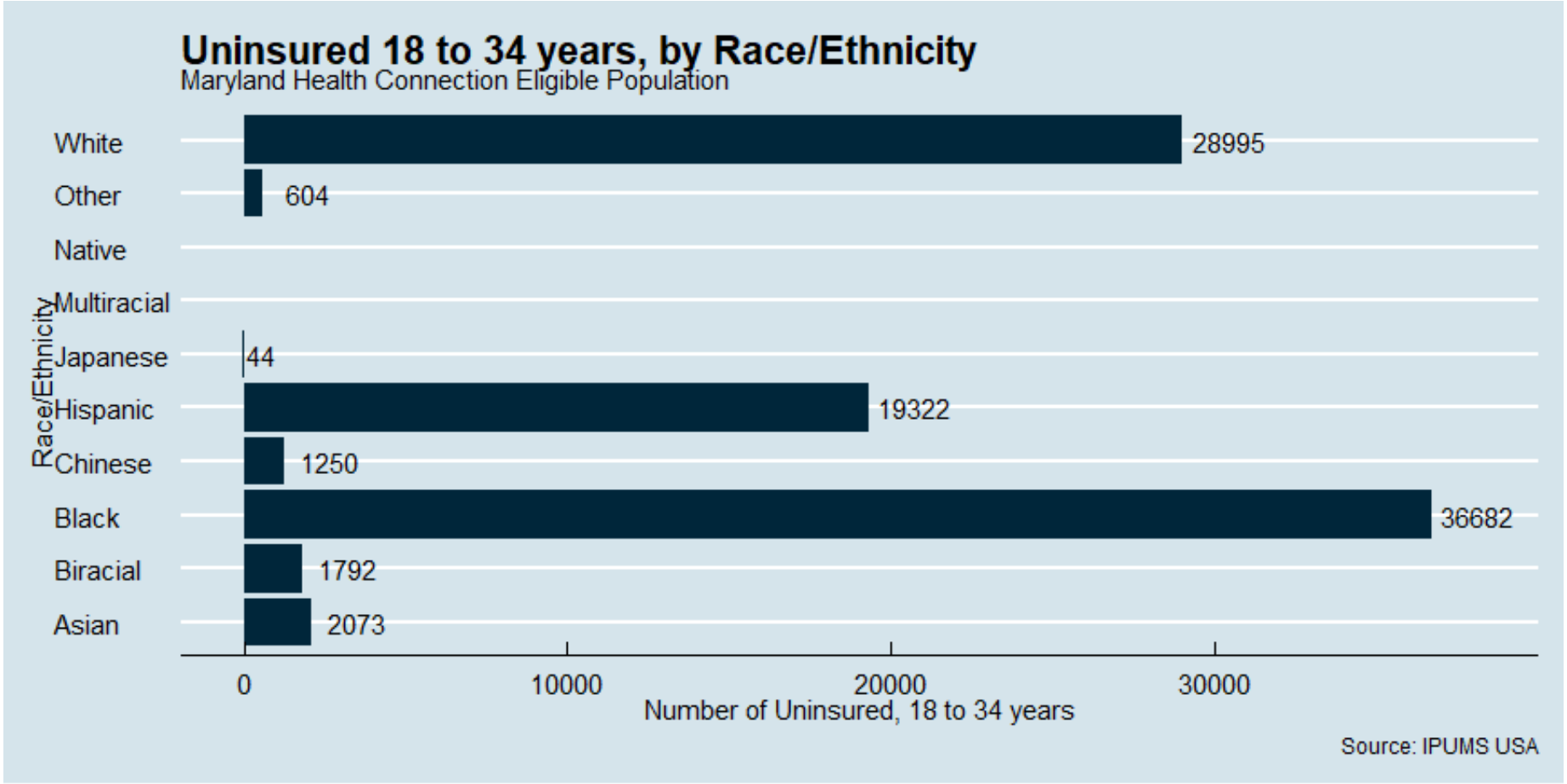
Household Contribution to Benchmark Silver Plan

Household income as percent of FPL	APTC Required Contributions		CA Req'd Contributions		MA Req'd Contributions
	Initial percentage	Final percentage	Initial percentage	Final percentage	Percentage
< 138%	2.07%	2.07%	0.00%	0.00%	0.00%
138% to <150%	3.10%	4.14%	same as ACA	same as ACA	0.00%
150% to <200%	4.14%	6.52%	same as ACA	same as ACA	2.90-4.30%
200% to <250%	6.52%	8.33%	6.24%	7.80%	4.20-6.20%
250% to <300%	8.33%	9.83%	7.80%	8.90%	5.00-7.40%
300% to 400%	9.83%	9.83%	8.90%	9.68%	same as ACA
400% to 450%	n/a	n/a	9.68%	14.00%	n/a
450% to 500%	n/a	n/a	14.00%	16.00%	n/a
500% to 600%	n/a	n/a	16.00%	18.00%	n/a

Additional Demographic Information on Uninsured Young Adults in Maryland

Uninsured Young Adults by Race/Ethnicity: Absolute Number



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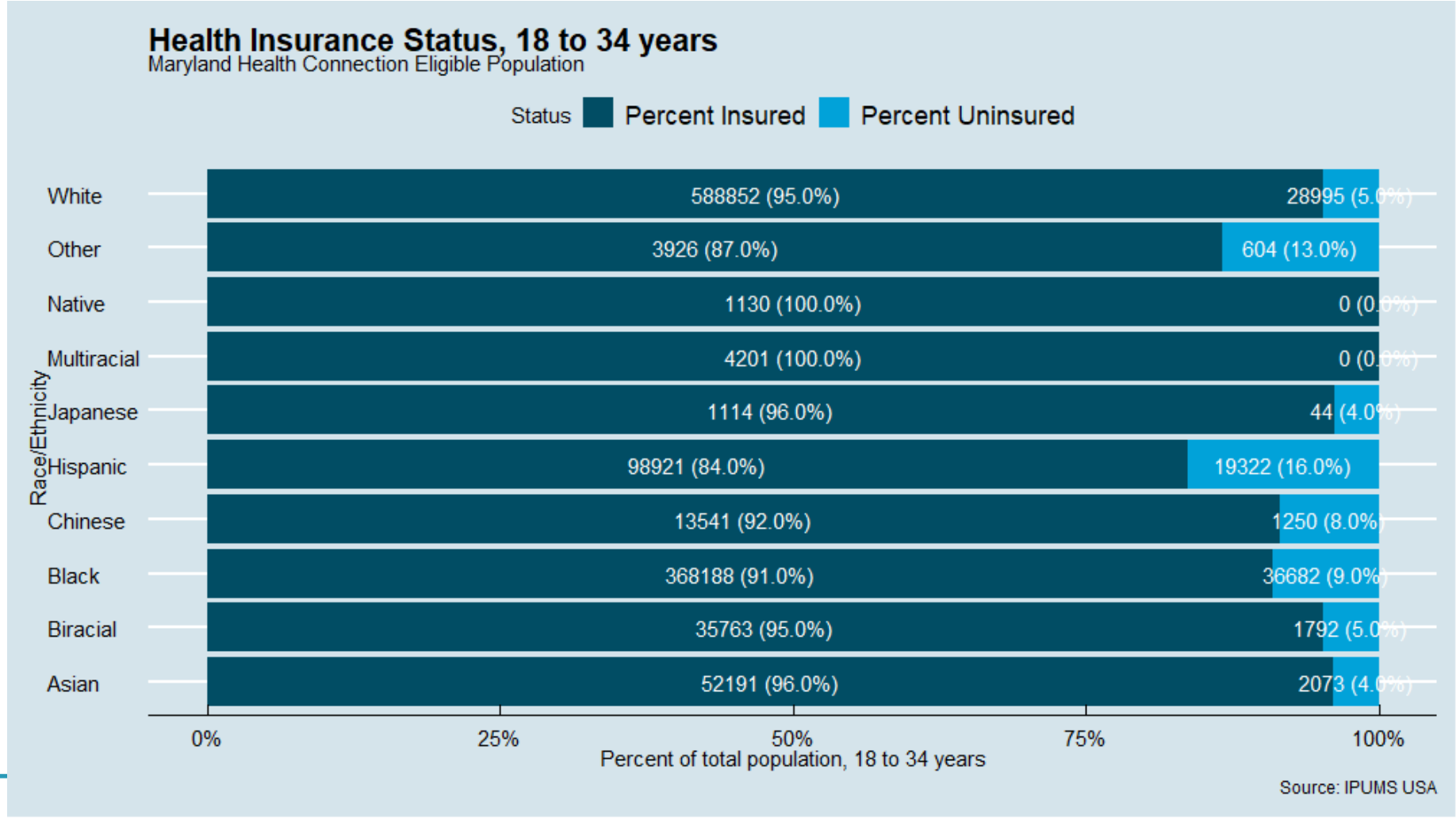
Young Adult Insurance Status by Race/Ethnicity: Percentage



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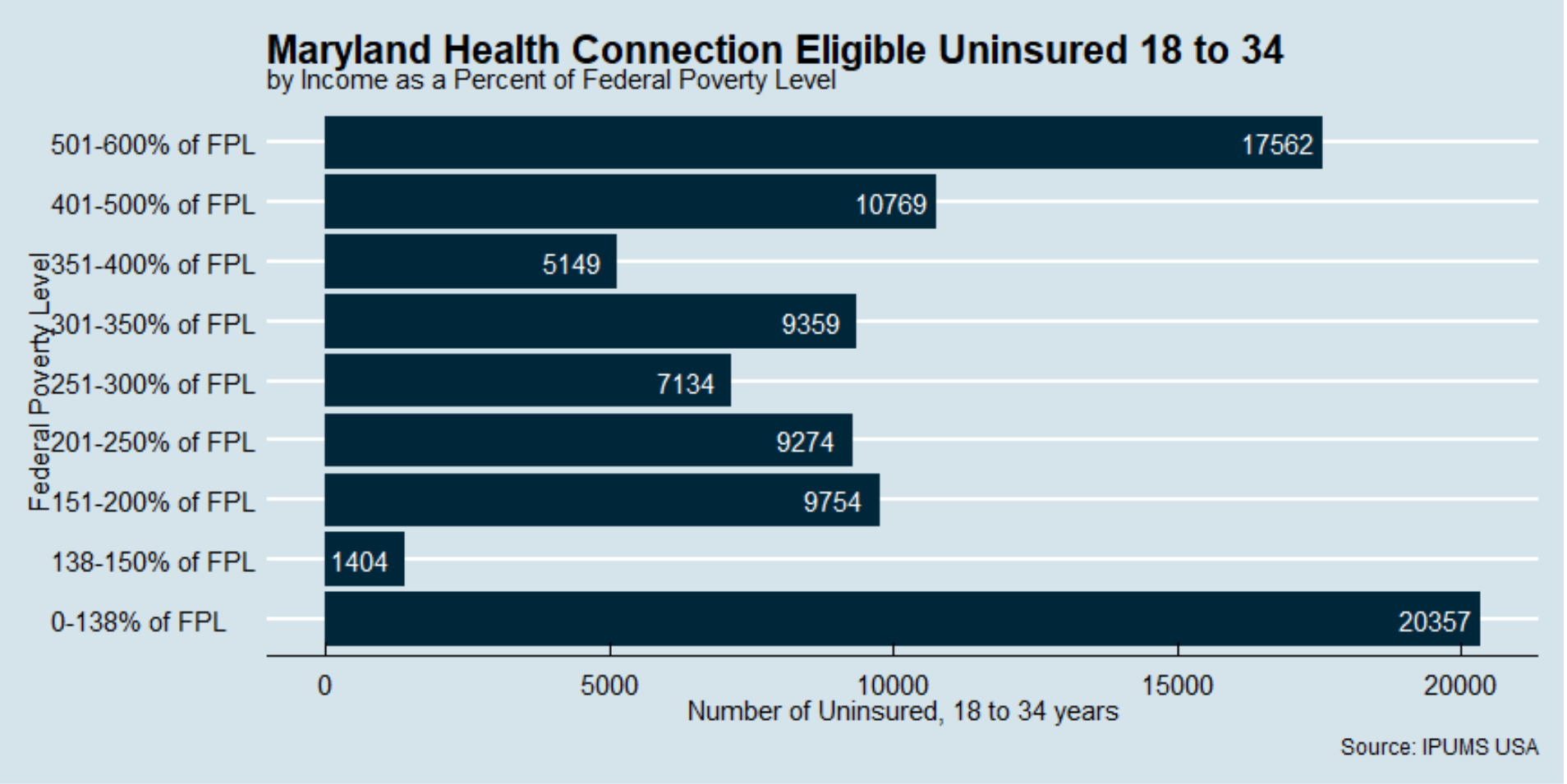
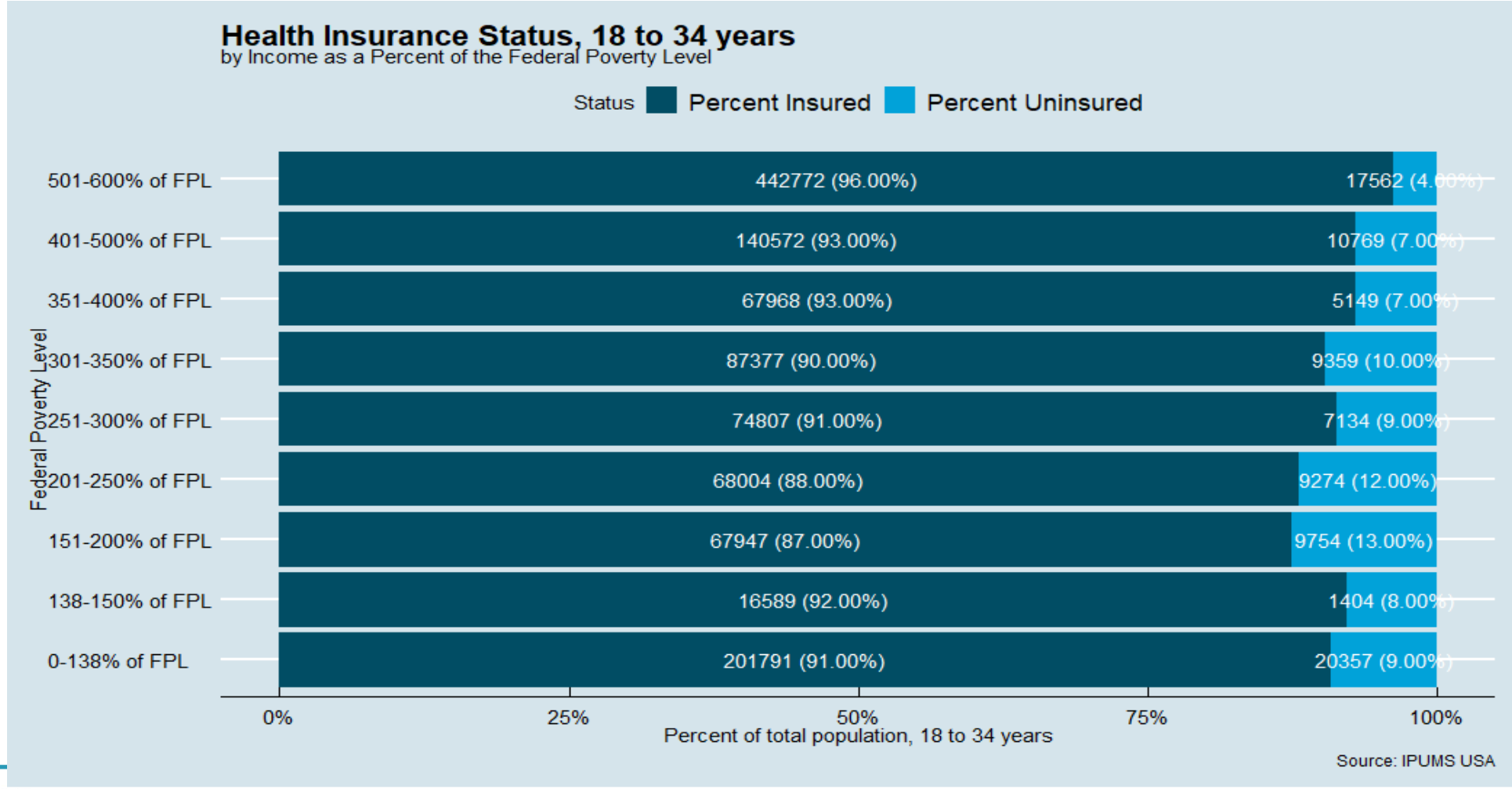
Uninsured Young Adults by Federal Poverty Level: Absolute Number



MARYLAND HEALTHBENEFIT EXCHANGE

Young Adult Insurance Status by Federal Poverty Level: Percentage



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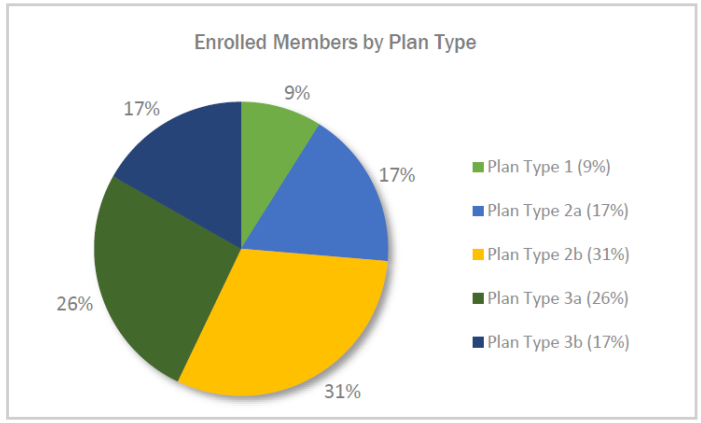
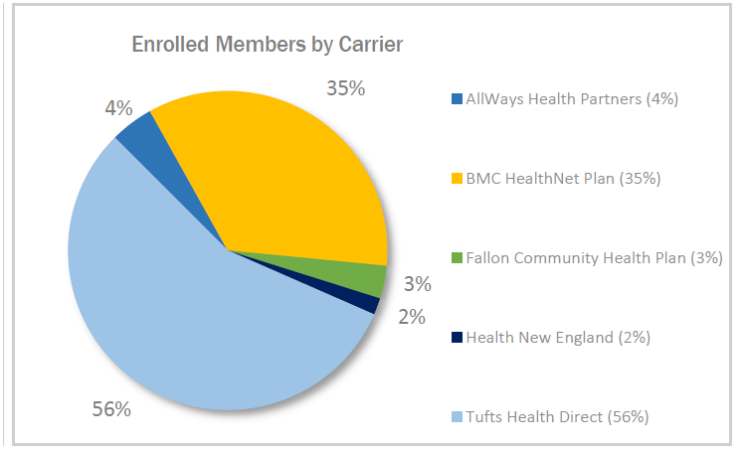
Public Comment

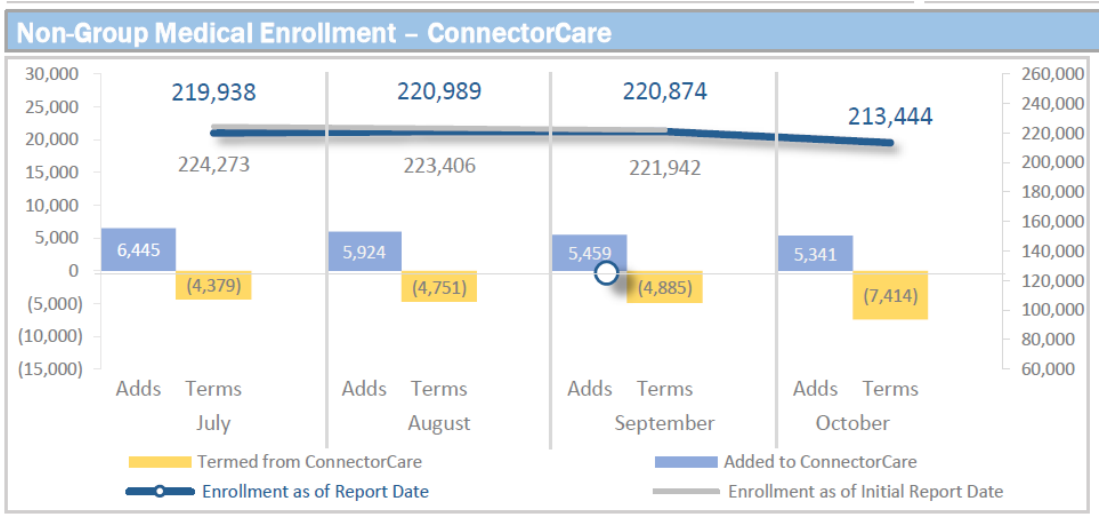
Appendix

ConnectorCare Enrollment

As of October 2020, approximately 291,000 enrollees access non-group coverage through the Health Connector, about 73% of whom are enrolled in ConnectorCare.







2021 ConnectorCare Enrollee Contributions

	Region A1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$51	$101	$146
3	HNE	$77	$78	$126	$171	$217

	Region A2	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	Tufts Direct	$0	$0	$46	$89	$133
2	HNE	$15	$52	$110	$156	$201

	Region A3	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	HNE	$0	$0	$46	$89	$133

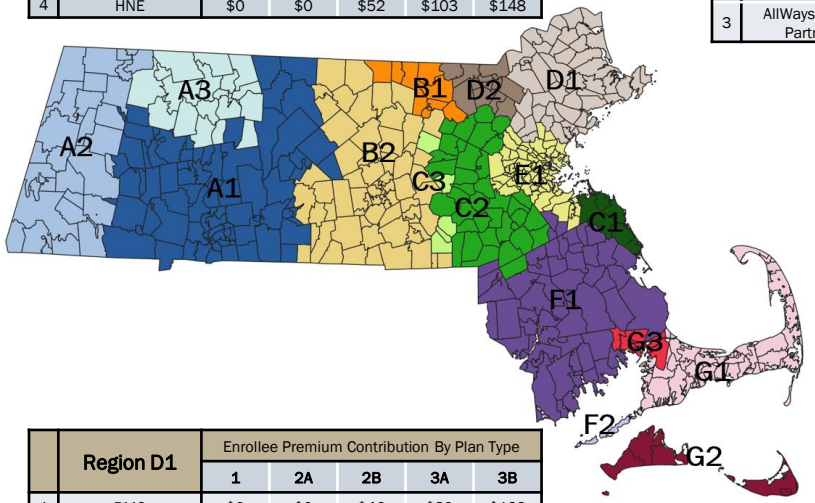
	Region B1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Fallon	$0	$0	$46	$89	$133
3	Tufts Direct	$0	$0	$51	$100	$144
4	AllWays Health Partners	$138	$132	$181	$225	$272

	Region B2	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	HNE	$0	$0	$46	$89	$133
2	BMC	$0	$0	$62	$126	$173
3	Fallon	$0	$0	$62	$126	$174
4	Tufts Direct	$26	$57	$105	$148	$194

	Region C1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$51	$100	$144
3	AllWays Health Partners	$191	$187	$237	$280	$325

	Region C2	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$51	$100	$144
3	Fallon	$0	$0	$52	$102	$147
4	AllWays Health Partners	$191	$187	$237	$280	$325

	Region C3	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$51	$100	$144
3	Fallon	$0	$0	$52	$102	$147
4	HNE	$0	$0	$52	$103	$148



	Region D1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$50	$99	$144
3	AllWays Health Partners	$162	$163	$213	$257	$303

	Region D2	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$50	$99	$144
3	AllWays Health Partners	$162	$163	$213	$257	$303
4	Fallon	$210	$210	$262	$305	$352

	Region E1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$51	$100	$145
3	AllWays Health Partners	$220	$221	$272	$315	$359

	Region F1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	BMC	$0	$0	$46	$89	$133
2	Tufts Direct	$0	$0	$51	$100	$145
3	AllWays Health Partners	$208	$206	$257	$302	$350

	Region F2	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	AllWays Health Partners	$0	$0	$46	$89	$133

	Region G1	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	Tufts Direct	$0	$0	$46	$89	$133
2	BMC	$0	$0	$55	$109	$155

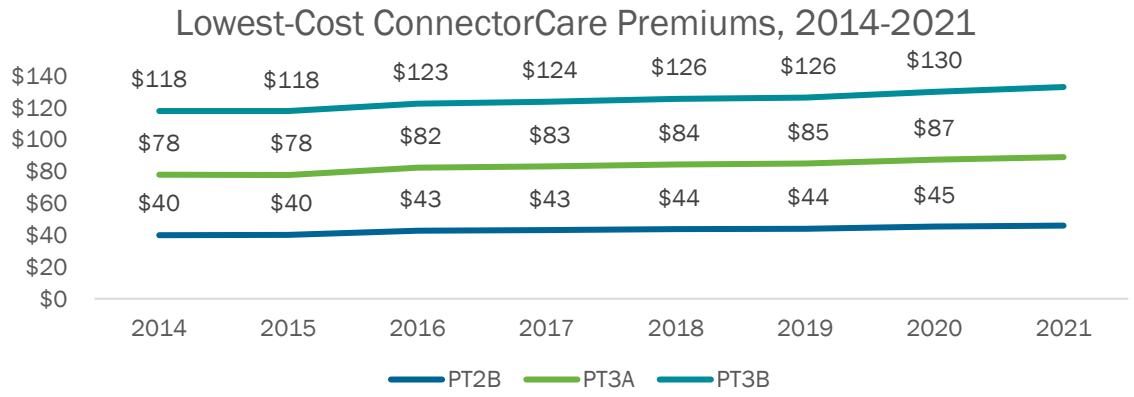
	Region G2	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	AllWays Health Partners	$0	$0	$46	$89	$133

	Region G3	Enrollee Premium Contribution By Plan Type				
		1	2A	2B	3A	3B
1	Tufts Direct	$0	$0	$46	$89	$133
2	BMC	$0	$0	$55	$109	$155
3	AllWays Health Partners	$243	$256	$314	$359	$404

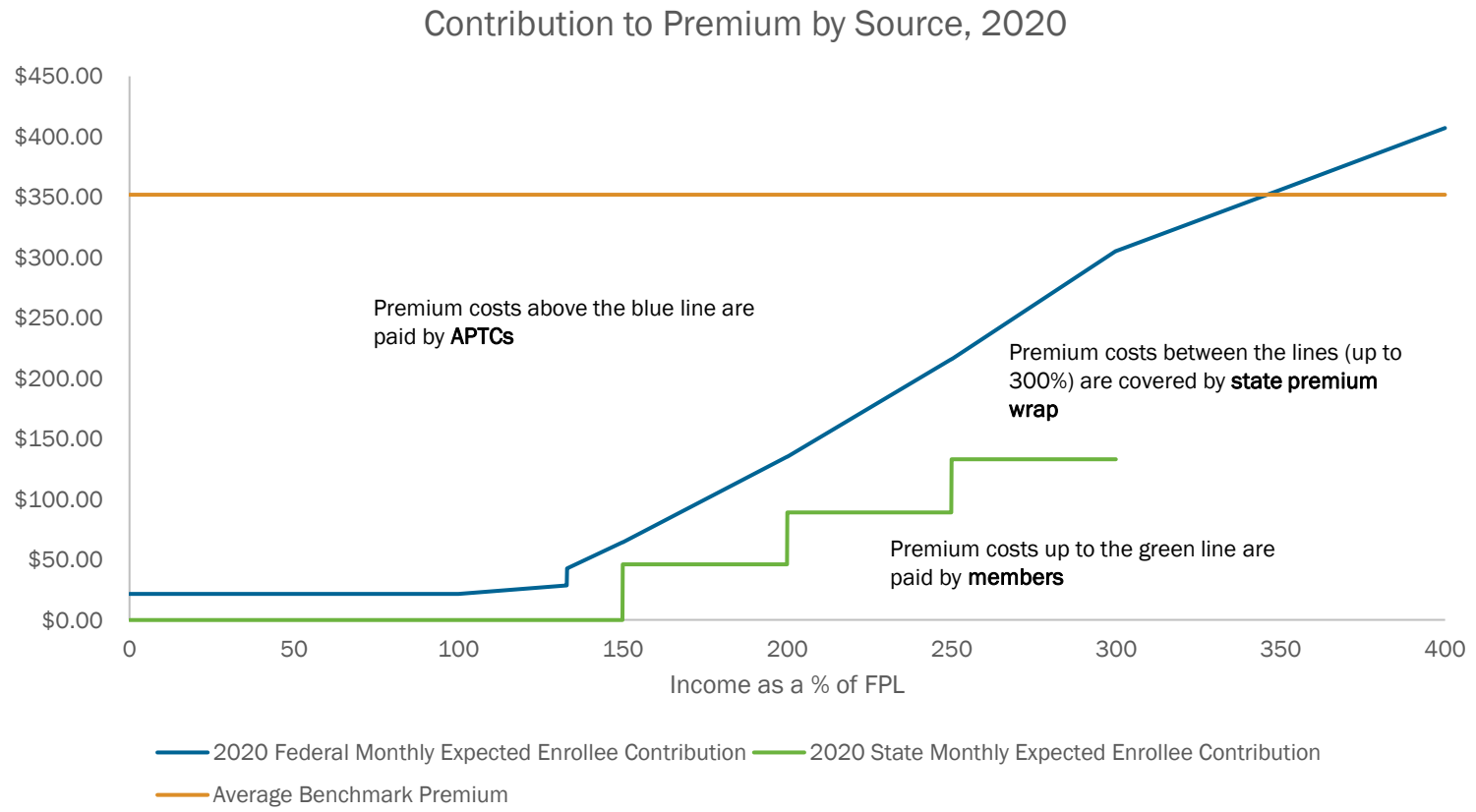
Premiums and Affordability

Despite generous subsidies, a portion of ConnectorCare members still report issued affording coverage or care.

- In the 2019 member experience survey, over 20% of ConnectorCare members reported difficulty paying medical bills or delaying care due to cost.
- While ConnectorCare has maintained steady cost-sharing levels over time, members may be responding to increases in premium over time – since 2014, monthly premiums have increased over 10% -- or “hidden costs” due to out-of-network care, non-standard benefits, or formulary design differences



Target Enrollee Premium Contributions under the ACA vs. ConnectorCare



- Federal Contributions are the amount to which Advance Premium Tax Credits would subsidize the second lowest cost silver plan available to an individual at a given income level.
- State Contributions are the difference between the Health Connector-defined affordability schedule member premium amounts for the lowest cost ConnectorCare plan available to an individual at a given income level (i.e., the first lowest-cost silver plan) and the next-highest cost ConnectorCare plan (i.e., the second-lowest cost silver plan).