

# MHBE Individual Subsidy Work Group

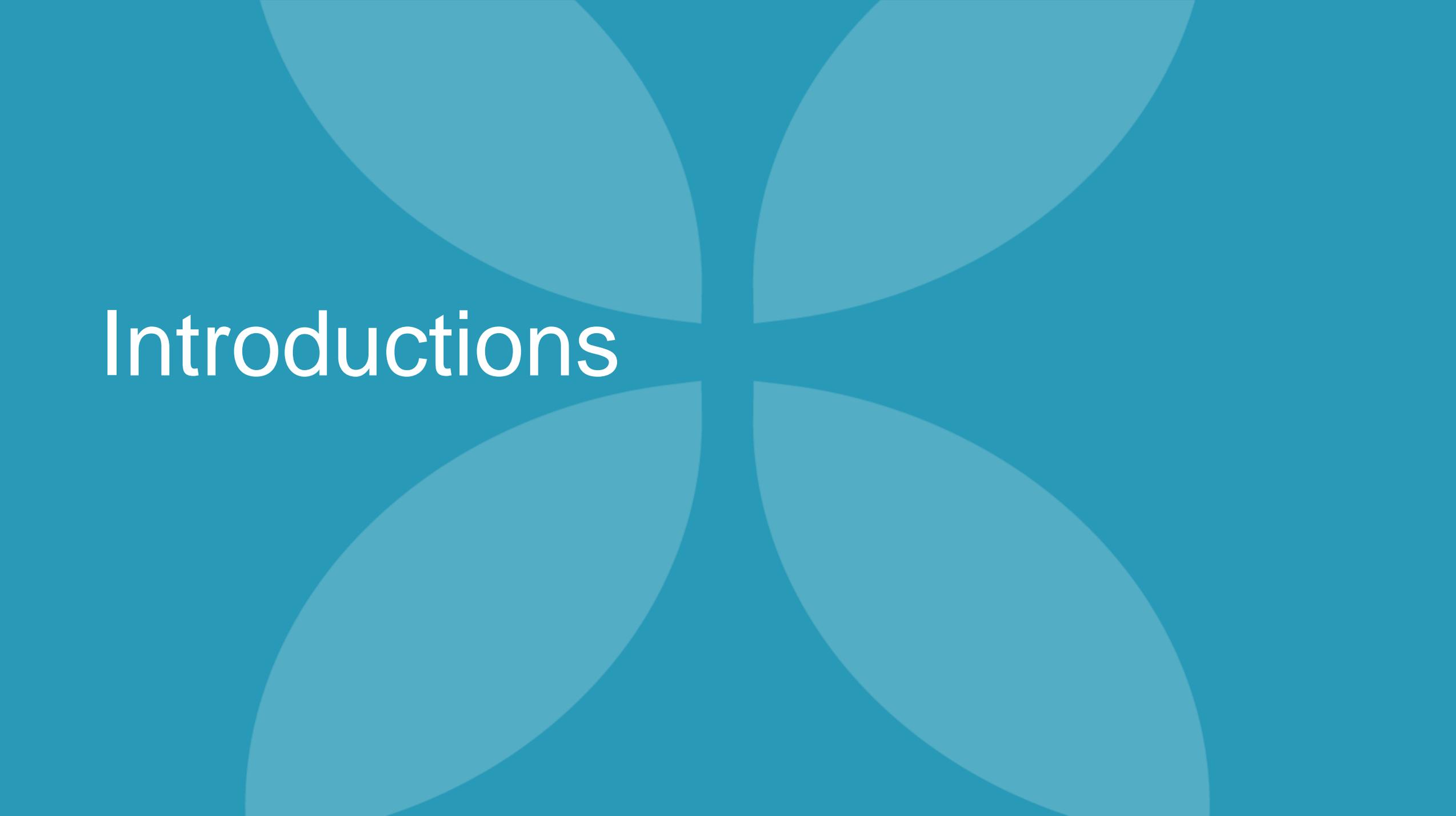
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October 7, 2020

MHBE Policy Department

# Agenda

- I. Welcome/Agenda.....10:00 - 10:05
- II. Introductions .....10:05 - 10:20
- III. Background from Affordability Workgroup.....10:20 - 10:35
- IV. Review Legislation .....10:35 - 10:40
- V. Review Charter .....10:40 - 10:55
- VI. Vote on Chair of the Work Group.....10:55 - 11:05
- VII. State of the Individual Market.....11:05 - 11:15
- VIII. Reinsurance Program Status/Funding .....11:15 - 11:20
- IX. Lewis and Ellis Report – Quick Orientation.....11:20 - 11:25
- X. Public Comment.....11:25 - 11:30



# Introductions

# Workgroup Members

1. Allison Mangiaracino
2. Beth Sammis
3. Brad Boban
4. Jackie Roche
5. Jay Hutchins
6. Joseph Winn
7. Joshua Morris
8. Kenneth Brannan
9. Leni Preston
10. Matthew Celentano
11. Robert Metz
12. Saliann Alborn
13. Stephanie Klapper



# Background from Affordability Workgroup

# Affordability Work Group Background

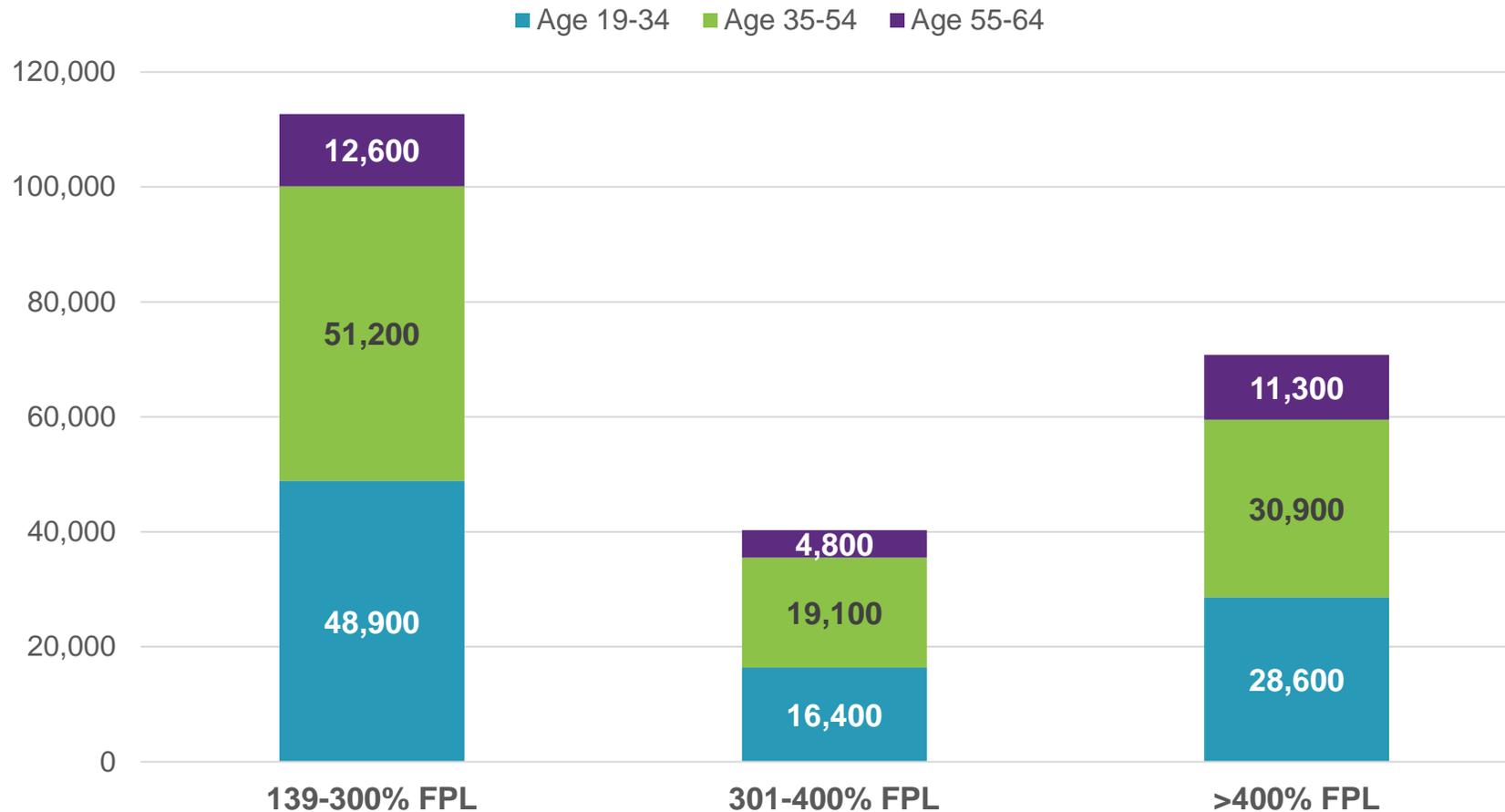
In the 2020 Final Letter to Issuers Participating on Maryland Health Connection, MHBE was tasked to create a work group to help determine policy solutions that would:

- 1) Reduce out of pocket costs
- 2) Maximize APTC for subsidized consumers
- 3) Maximize affordability for unsubsidized consumers.

The work group provided the following recommendations:

- Focus on two intervention populations
  - Young Adults
  - Individuals with chronic disease
- Potentially modify the Value Plans
- Implement a State subsidy for young adults
- Continue the State Reinsurance Program
- Increase participation in the chronic disease management programs

# Uninsured Maryland adults under age 65 with incomes above 138% of the federal poverty level (FPL): 2017



*Source:* National Center for Coverage Innovation at Families USA analysis of American Community Survey data for 2017. *Note:* These data do not identify or exclude people who are ineligible for premium tax credits because of immigration status or employer coverage offers.



### Table 3: Intervention Population #1: Young Adults (18-34)

Sub-Group	Near Term	Long Term
<p>General Women Young Adults with Substance Use Disorder/Behavioral Health needs</p>	<ol style="list-style-type: none"> <li>1. Marketing investment focused on Young Adults</li> <li>2. Value Plans:               <ol style="list-style-type: none"> <li>a. Evaluate the outcomes of the Value Plans</li> <li>b. Marketing investment in Value Plans</li> </ol> </li> <li>3. Consumer Decision Support Tools:               <ol style="list-style-type: none"> <li>a. Development of an Out-of-Pocket Cost Calculator</li> <li>b. Development of a plan shopping experience optimized to display service categories customized by the user, or automatically, by age</li> </ol> </li> <li>4. Development of a health literacy program focused on Young Adults</li> <li>5. Successful implementation of the Maryland Easy Enrollment Health Insurance Program</li> </ol>	<p>Continued marketing investment focused on Young Adults</p>
<p>139% - 400 % FPL Eligible for financial assistance</p>	<ol style="list-style-type: none"> <li>1. A marketing investment focused on Young Adults</li> <li>2. The State should commission a study on a supplemental premium subsidy for Young Adults that does not modify the existing federal tax credit structure. The study should:               <ol style="list-style-type: none"> <li>a. Analyze potential interaction with the State Reinsurance Program, and federal pass through, for the following scenarios:                   <ol style="list-style-type: none"> <li>i. Supplemental premium subsidy w/ an independent funding source</li> <li>ii. Supplemental premium subsidy w/ funding carved-out from the existing premium assessment under Md. INSURANCE Code Ann. § 6-102.</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Establishment of a state-based supplemental premium subsidy for Young Adults:               <ol style="list-style-type: none"> <li>a. Utilizing only state funds or,</li> <li>b. Utilizing state &amp; federal pass-through funds under a 1332 waiver.</li> </ol> </li> </ol>

## Table 3: Intervention Population #1: Young Adults (18-34)

Sub-Group	Near Term	Long Term
<p>139% - 400 % FPL Eligible for financial assistance</p>	<ul style="list-style-type: none"> <li>i. Supplemental premium subsidy under i &amp; ii seeking federal pass through under a 1332 waiver</li> <li>a. Estimate required funding amount &amp; identify potential funding sources</li> <li>b. Project impact of the subsidy on the individual market for a five- and ten-year time horizon</li> <li>c. Be updated at a later time to account for the implementation of other policies, i.e. the Maryland Easy Enrollment Health Insurance Program</li> </ul>	<ul style="list-style-type: none"> <li>1. Establishment of a state-based supplemental premium subsidy for Young Adults:               <ul style="list-style-type: none"> <li>a. Utilizing only state funds or,</li> <li>b. Utilizing state &amp; federal pass-through funds under a 1332 waiver.</li> </ul> </li> </ul>
<p>400+% FPL Ineligible for financial assistance</p>	<ul style="list-style-type: none"> <li>1. Continuation of the State Reinsurance Program</li> </ul>	<ul style="list-style-type: none"> <li>1. Continuation of the State Reinsurance Program</li> <li>2. Establishment of a state-based supplemental premium subsidy for Young Adults:               <ul style="list-style-type: none"> <li>a. Utilizing only state funds or,</li> <li>b. Utilizing state &amp; federal pass-through funds under a 1332 waiver.</li> </ul> </li> </ul>

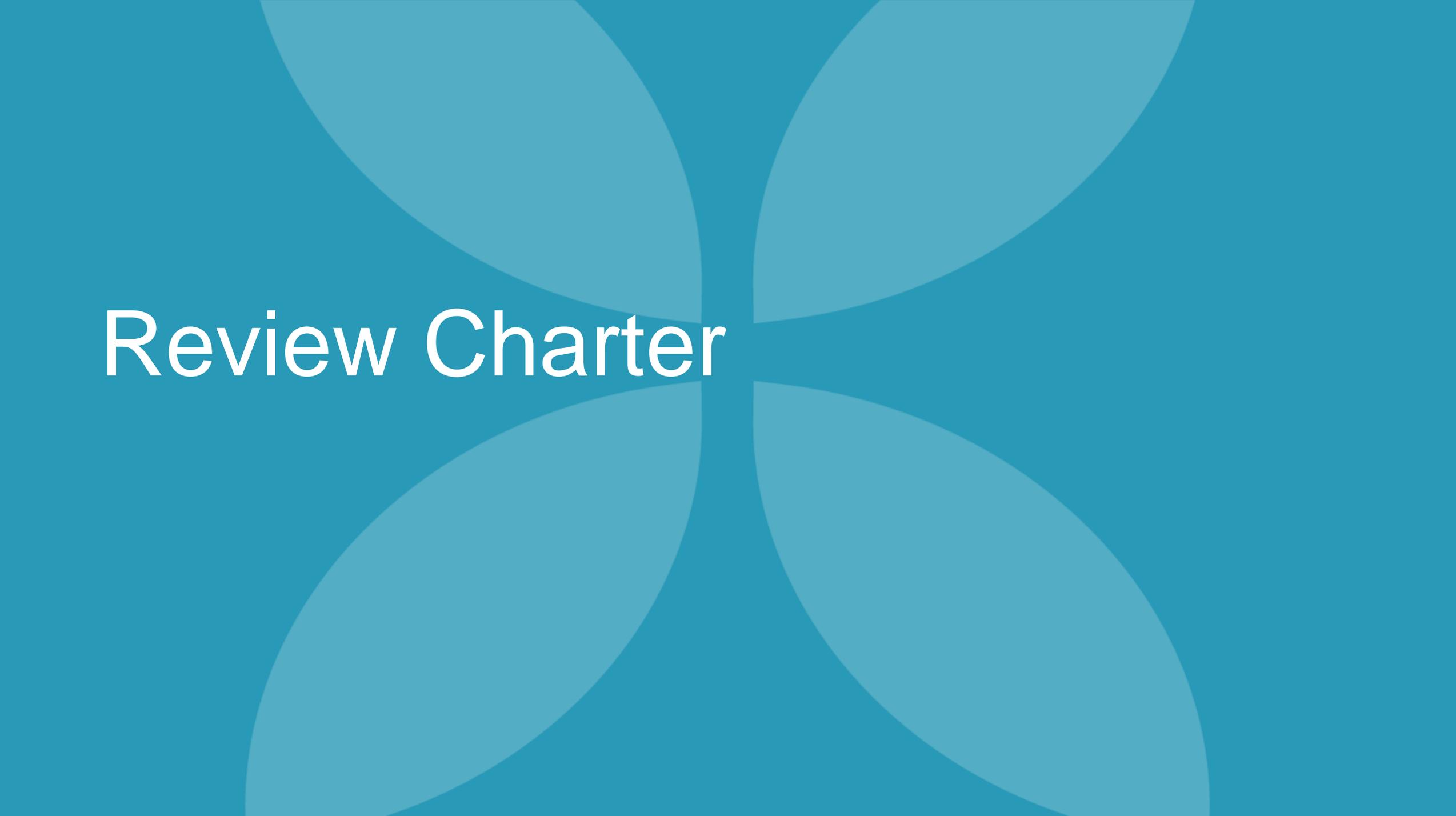
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# Review Legislation

# SB 124/CH 104, 2020 Assessment Applicability and State-Based Individual Market Health Insurance Subsidies

Requires that on or before December 1, 2020, MHBE report to certain committees on the following as it relates to establishing State-based individual market health insurance subsidies in the State:

- The experiences of state-based individual market health insurance subsidies in other states, particularly those with a reinsurance program
- The effect the Maryland Easy Enrollment Health Program has had on the uninsured rate and risk pool in the individual market;
- The population that would be the intended target of the State-based individual market health insurance subsidies, including age and income level;
- The number of individuals currently enrolled in the individual market in the State who would be eligible for State-based individual market health insurance subsidies;
- If young adults would be the intended target of the State-based individual market health insurance subsidies, whether State-based individual market health insurance subsidies alone will encourage more young adults to enroll in the individual market and whether cost-sharing reductions will be necessary;
- The average amount of individual market health insurance subsidies needed for a State-based individual market health insurance subsidy program to effectively cover more individuals and lower the risk of the individual market pool;
- The amount of State-based individual market health insurance subsidy funding necessary to reduce rates in the individual market by 1% and 5%;
- An estimate of the impact that funding for State-based individual market health insurance subsidies will have on the availability of funds for reinsurance in the individual market, using the actual State liability for the State Reinsurance Program for the 2019 benefit year;
- The appropriate allocation of available funding for reinsurance and State-based individual market health insurance subsidies that will maximize enrollment and affordability in the individual market;
- The impact additional State-based individual market health insurance subsidies will have on federal subsidies and whether the State will need to amend its current State Innovation Waiver under § 1332 of the Affordable Care Act or request an additional waiver.

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# Review Charter

# 2020 Individual Subsidy Work Group Charter

## WORKGROUP RESPONSIBILITIES

The 2020 Individual Subsidy Work Group (Work Group) will work to inform the development of a report to the legislature pursuant to Insurance Article, § 6-102.2, Annotated Code of Maryland regarding the design and implementation of a potential state subsidy in the individual market.

## WORKGROUP MEETINGS

The below sections contains information relevant to the business of the Workgroup meetings. All meetings of the Workgroup are open to the public.

Location, Time, and Notice The work group will meet on the following dates and locations:

- October 7 10AM-11:30AM
- October 15 10AM-11AM
- October 22 10AM-11AM
- October 28 10AM-11AM
- November 5 10AM-11AM
- November 12 10AM-11AM

Reasonable notice of all meetings, stating the time and place, shall be given to each Member by mail or electronic mail. Reasonable notice of all meetings shall be provided to the public by posting on the MHBE website.

<https://www.marylandhbe.com/policy-legislation/work-groups/individual-subsidy-work-group/>

# 2020 Individual Subsidy Work Group Charter

Order of Business Generally, the agenda/order of business at meetings of the Workgroup shall be as follows:

- (a) Calling the meeting to order
- (b) Consideration and approval of minutes of previous Workgroup meeting
- (c) Consideration of the topic/questions presented before the Workgroup
- (d) Determination of recommendations from the general Workgroup body – including identification of consensus recommendations
- (e) Public comments
- (f) Adjournment

Quorum A simple majority of the Members shall constitute a quorum at any meeting for the conduct of the business of the Workgroup.

Participation in Meetings Members will attend meetings via web conference. Members participating by such means shall count for quorum purposes, and their support for recommendations shall be included so long as their participation is included in attendance.

Support of Recommendations Members are entitled to voice support for recommendations for a given topic presented to the Workgroup. Support for each recommendation will be included in the meeting minutes at the member level.

## CHAIR/ CO-CHAIR OF THE WORKGROUP

The members of the Workgroup shall elect a chair/co-chair. The elected chair/co-chair terms shall last for the duration of the Workgroup. In addition to presiding at meetings, the chair/co-chair shall take an active role in determining the policy recommendations from the general body, preside over vote counting for recommendations, and shall work with MHBE to determine actions items required of MHBE support resources.

## MEMBERSHIP & MEMBER RESPONSIBILITIES

The Workgroup consists of representatives from authorized QHP Issuers, consumer/policy advocates, state government representatives, and insurance industry professionals.

Members are expected to lend their expertise, in good faith, to meet the goals of the Workgroup.

MHBE Policy and Plan Management will make resources available to provide technical/administrative assistance to the Workgroup.

## FINAL WORKGROUP REPORT

The Workgroup's discussions shall help inform the report due to the legislature pursuant to SB 124/Ch. 104, 2020 , on or before December 1, 2020

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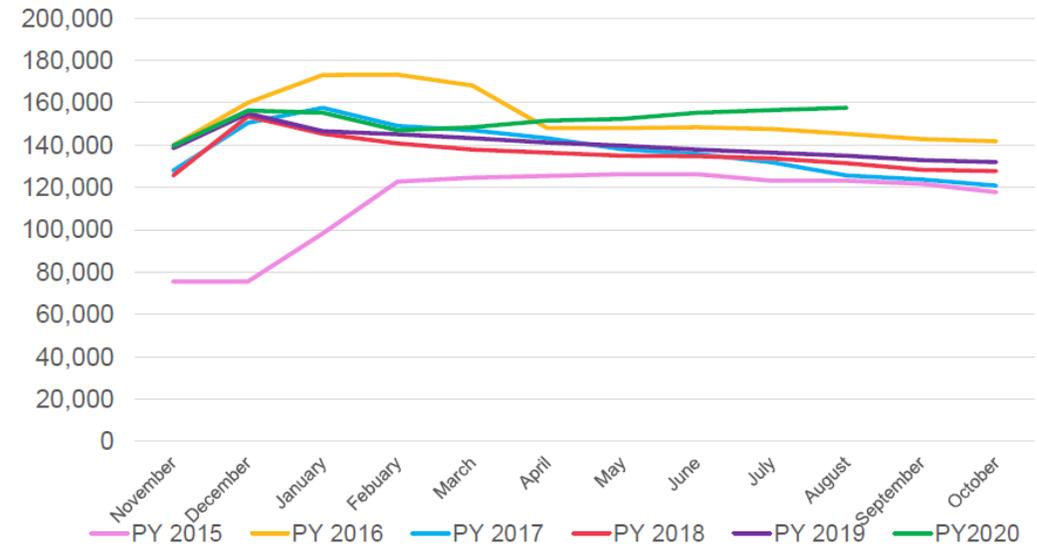
# Vote on Chair of the Work Group

# State of the On-Exchange Individual Market

# Enrollment Trends

- As of the end of open enrollment for 2020, Maryland's total individual market enrollment, including plans obtained directly from carriers, was 215,484 – up 1 percent from 212,149 a year earlier.
  - As of the end of June, total individual market enrollment is up 11.6% year-over-year.
- Individual market exchange enrollment was at a four-year high as of the end of open enrollment.
  - As of the end of August, Exchange enrollment is up 16.8% year-over-year.

Enrolled in QHP  
**157,667**

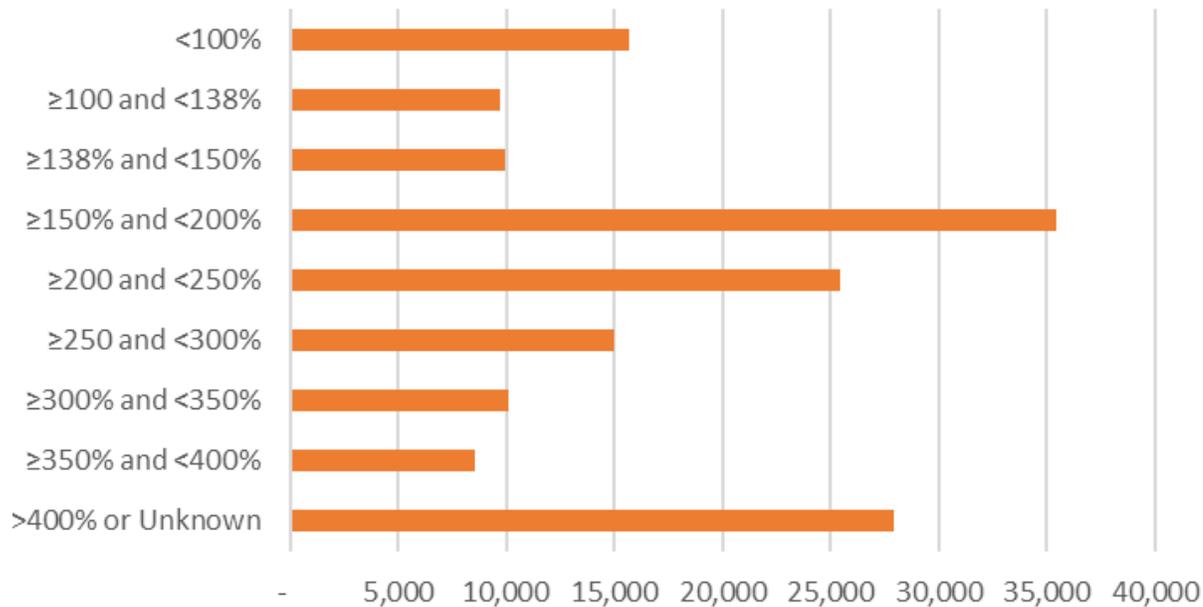


Data from MHBE Data Report, Aug. 31, 2020

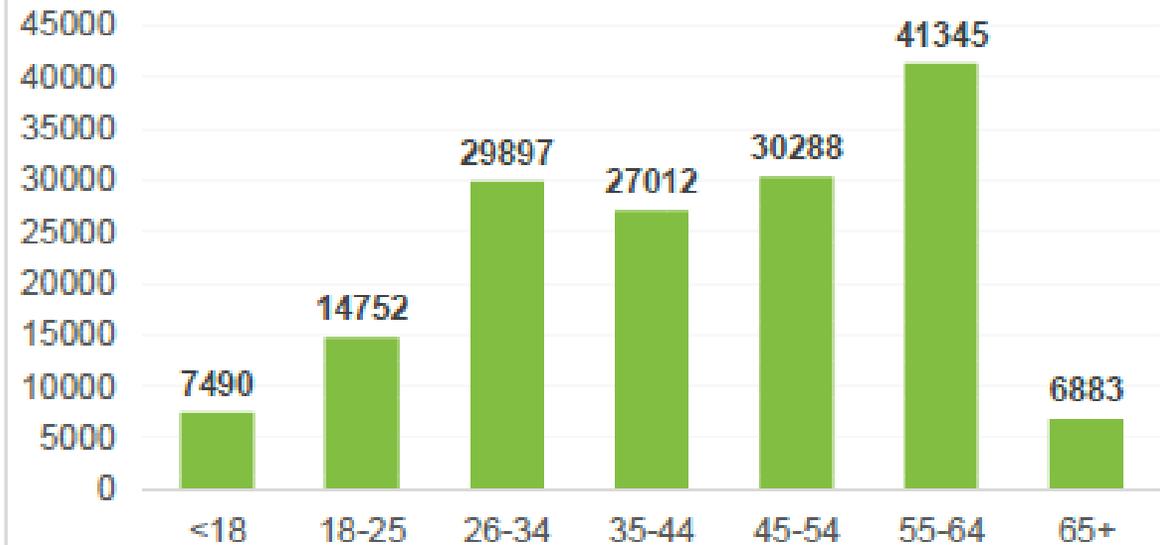
# On-Exchange Enrollee Demographics

- Enrollment is highest at 150-200% FPL, when financial assistance is greatest, and tapers down as FPL increases
- Enrollees ages 18-34 account for 28% of enrollment, while enrollees 45-64 account for 45%

QHP Consumers by Federal Poverty Level



QHP Consumers by Age Group

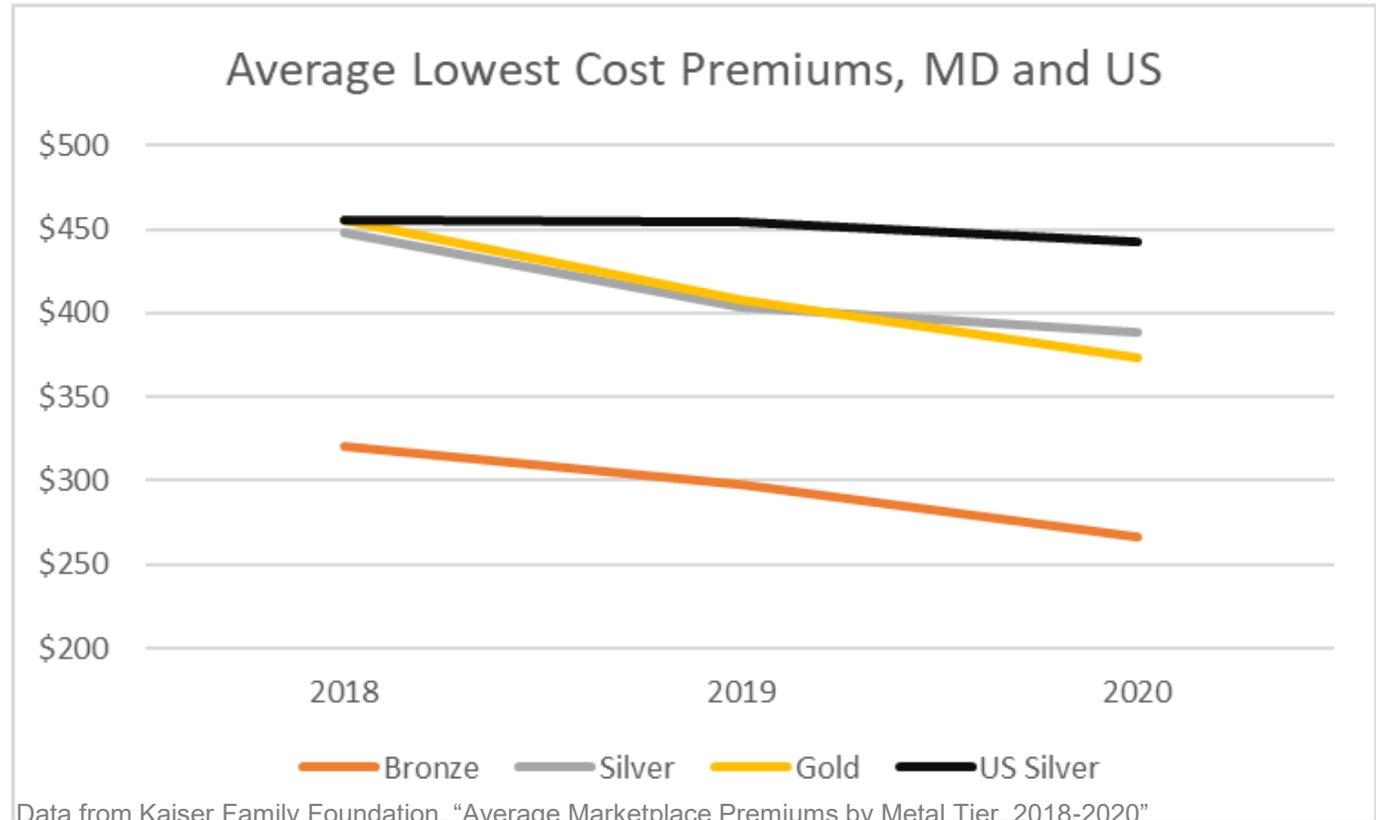


Data from MHBE Data Report, Aug. 31, 2020

# Premium Trends

- Monthly premiums are down an average of 11.9% for 2021, and more than 30% compared to 2018.
- Maryland's premiums are about 12% - 40% lower than US averages, depending on metal level

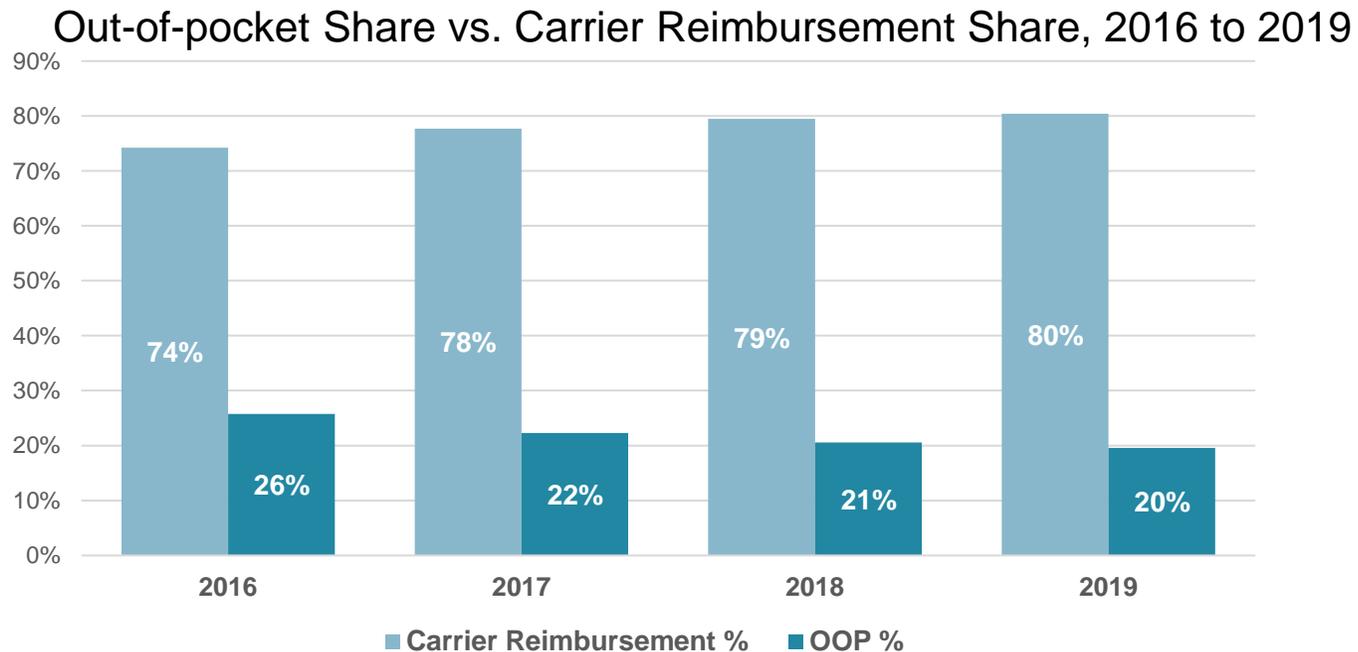
Plan Year	Individual Premium Change
2014	n/a
2015	10%
2016	18%
2017	21%
2018	50%*
2019	-13%
2020	-10%
2021	-12%



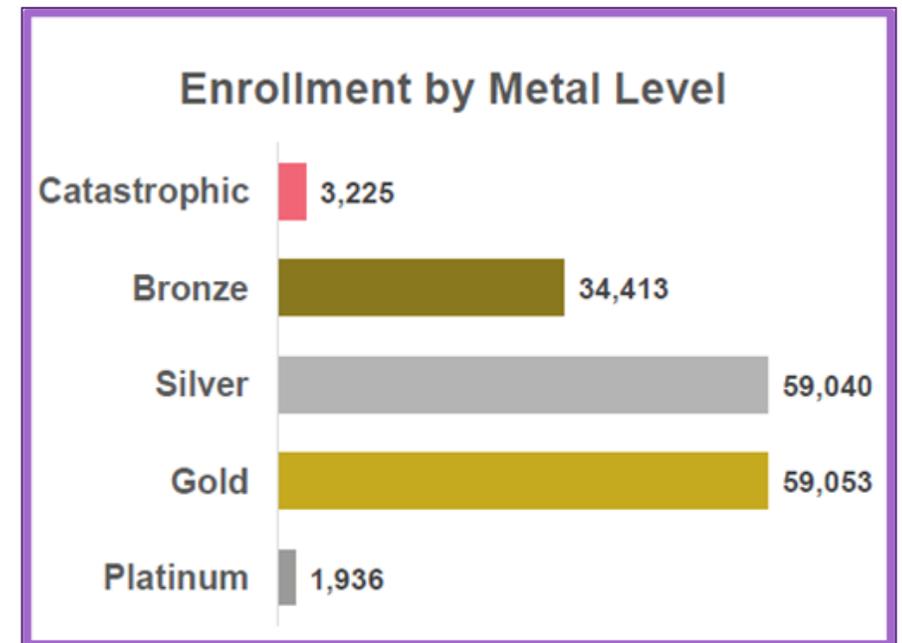
\*This reflects increases to on-exchange silver plan premiums to adjust for the fact that the federal government stopped making cost-sharing reduction payments. Absent this adjustment, the average premium change would have been 28%. The additional increase is largely born by higher APTCs from the federal government rather than paid directly by consumers.

# Cost-Sharing Trends

- Out of pocket spending as a share of total spending has declined gradually since 2016.
- About three-quarters of enrollees are enrolled in a silver (37%) or gold plan (37%), consistent with last year, although enrollment has shifted from silver towards gold (only 30% were in gold last year)



Data from MHCC, "Privately Insured Spending and Use 2018 Report, Commission Meeting, May 21, 2020



Data from MHBE Data Report, Aug. 31, 2020

# Who Is Still Uninsured?

- Young adults ages 18-34 are the most likely to be uninsured, with the exception of children.
- The uninsured are more likely to be QHP-eligible (over income for Medicaid).

**MHBE Uninsured Estimates, 2018**

Age	Medicaid-Eligible Uninsured	QHP-Eligible Uninsured	QHP-Eligible Enrolled	Total QHP Eligible	QHP Enrolled as % of Total QHP Eligible
<18	13,481	27,214	7,490	34,704	22%
18-34	26,201	70,322	44,649	114,971	39%
35-44	10,391	33,989	27,012	61,001	44%
45-54	11,150	32,719	30,288	63,007	48%
55-64	8,177	25,782	41,345	67,127	62%

MHBE Analysis of 2018 5-year American Community Survey Data

# Reasons MHC-Eligible Marylanders Go Uninsured

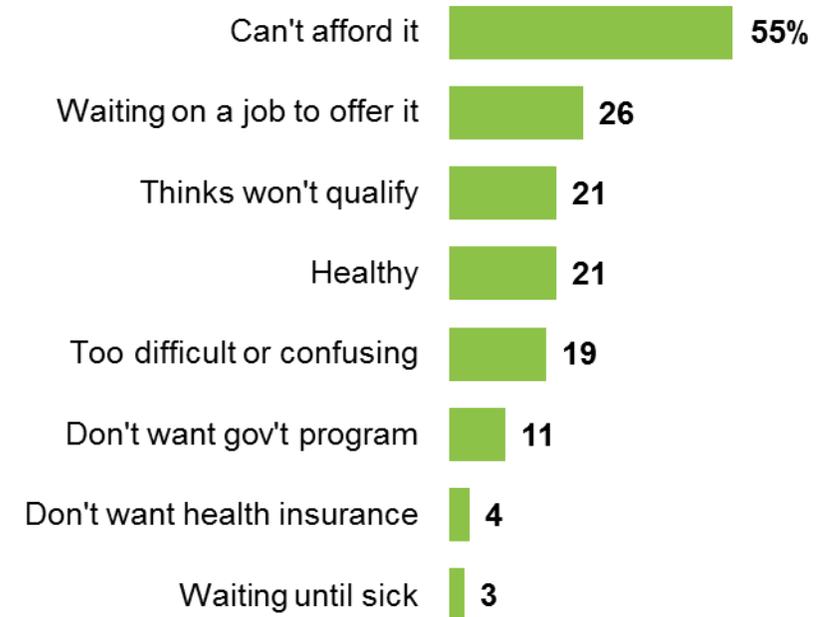
Online survey conducted July 21 – August 11, 2020; yielding a final sample of **N=1,146 completes**. The margin of error for the survey using a 95% confidence interval is +/- 2.9% points.

Specifically among Maryland’s currently uninsured, the reasons for lacking insurance center on inability to afford it (55%), waiting to get jobs that offer health insurance (26%), and those not believing they can qualify for affordable health insurance (21%).

Those who are recently uninsured affirm these reasons at similar rates, with the exception of selecting “can’t afford health insurance.”

- Twice as many currently uninsured say they can’t afford insurance (55%) compared to recently uninsured Marylanders (27%).

## Identify the reasons you are currently uninsured



Source: Q31. 2020 MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. Note: Percentages are from a select all that apply list and do not add to 100%. N=154.

# Insights from Young Adults

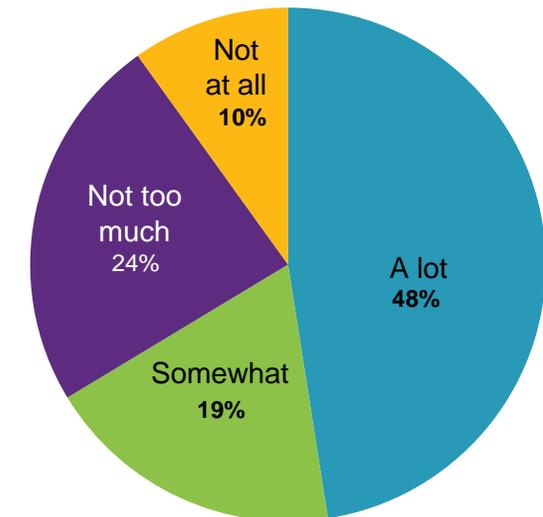
## 2019 Young Adults Focus Groups and Statewide Survey, in partnership with EurekaFacts

- 10-minute online survey conducted between Sept. 24 – Oct. 11, 2019
- Maryland residents; 18 – 34 years old; are currently uninsured, uninsured within the past two years, or 18 – 25 year olds covered by their parent's health insurance plan

**They value health insurance, but struggle to afford it:** About 7-in-10 would like to have health insurance. Health care and health insurance are difficult to afford for 76% of those without insurance (45% very difficult) and for 45% of the recently uninsured.

**Increasingly aware of MHC:** Among young adults, familiarity with MHC is up 29% points 2017 – 2019 (44% to 73%), and favorability ratings up 21% (63% to 84%). Just half are aware of tax credit savings through MHC, and overall half believe they may be eligible.

## How much would you like to have health insurance today?



Source: Q32. MHBE 2019 Young Adult Marketing Survey, Sept 24 – Oct 11, 2019. Percentages may not add to 100% because of rounding. N=92.. Based on those who do not currently have health coverage.

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# Reinsurance Program Status/Funding

## Background: How does the Reinsurance program work?

- Reinsurance reduces premiums in the individual market by covering a portion of insurer's claims (80% of costs between \$20k and \$250k)
- Lower premiums mean that the federal government's costs to subsidize insurance for low- and middle-income people are also lower
- Under the terms of our 1332 waiver with the federal government, the federal government passes those savings ("federal pass-through funding") to MHBE to spend on the reinsurance program

# Actual and Projected Cost, Funding, and Impact of the Reinsurance Program, 2019-2023

	2019 Act.	2020 Est.*	2021 Est.	2022 Est.	2023 Est.
<b>Reinsurance Cost</b>	\$352,798,597	\$377,828,828	\$416,782,404	\$447,975,589	\$478,434,269
<b>Federal Funding</b>	\$373,395,635	\$447,277,359	\$567,748,703	\$628,614,048	\$684,842,457
<b>State Funding</b>	\$326,889,258	\$118,517,416	\$112,591,545	\$118,896,671	\$125,554,885
<b>Reduction in Premiums (Reinsurance Funding)</b>	-27.3%	-25.7%	-28.1%	-28.6%	-29.1%
<b>Total Premium PMPM</b>	\$535	\$494	\$424	\$443	\$461
<b>Total Enrollment</b>	191,820	207,160	224,909	226,017	227,132

\*2020 Federal Funding is actual funding, not an estimate.

# Lewis and Ellis Report – Quick Orientation

# Lewis and Ellis Report

L&E modeled subsidy designs focused on two populations and seven potential subsidy designs to potentially maximize participation in Maryland's individual market and to increase affordability for all participants.

- Young adults
  1. Age Adjustment Subsidy Enhancement (AASE)
  2. Advancing Youth Enrollment Act (AYEA)
  3. Age Adjustment Subsidy Enhancement Cliff-less to 34 (AASE 34)
  4. Age Adjustment Subsidy Enhancement Cliff-less to 47 (AASE 47)
- Adults with incomes above the ACA's 400% FPL cutoff to qualify for subsidies
  1. 400%+ FPL Subsidy Extension at 9.78% Cap
  2. 400%+ FPL Subsidy Extension at 12.5% Cap
  3. 400%+ FPL Subsidy Extension at 15% Cap

# Lewis and Ellis Report

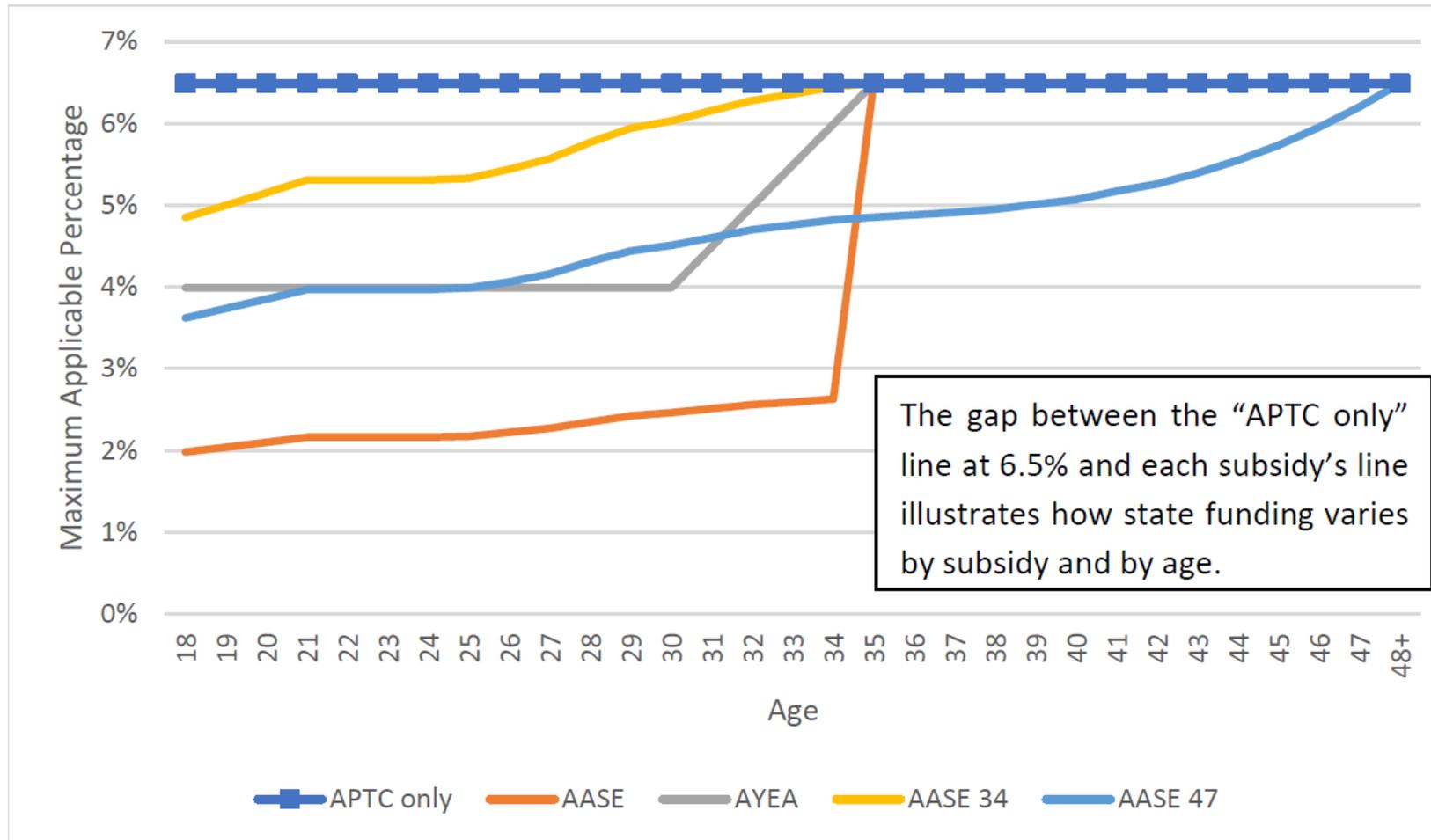
L&E modeled the impact of subsidies on:

- Premiums
- Enrollment
- Federal reinsurance funding
- Reinsurance program costs

L&E also modeled the estimated state cost and the potential impact of higher-than-expected uninsured rates on enrollment and state costs.

# Young Adult Subsidy Comparison

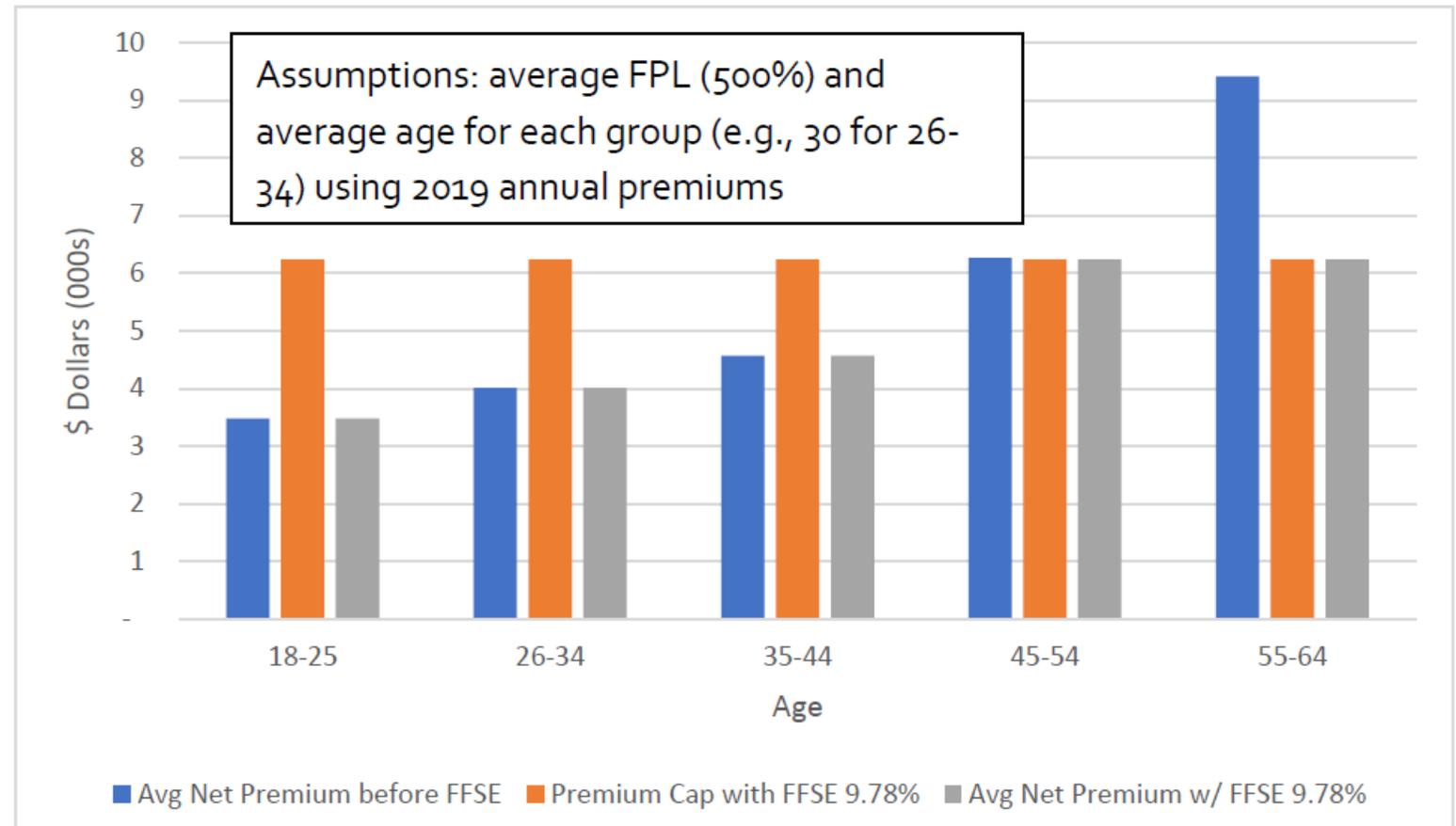
Graph 1: Maximum Applicable Percentage by Subsidy and Age at 200% of the FPL



# 400%-600% FPL Subsidy

- This subsidy would work to support individuals with incomes greater than 400% the FPL, up to 600% FPL
- The maximum application percentages modeled are: 9.78%, 12.5%, and 15%
- Implementing this subsidy would be expected to impact individual older adults more positively than individual younger adults

**Graph 6: Illustrative Comparison of 400%+ FPL Subsidy Extension (FFSE) Impact by Age for Individuals<sup>9</sup> between 400-600% FPL using 2019 Annual Net Premiums**



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# Public Comment