MARYLAND HEALTH BENEFIT EXCHANGE

MHBE

Small Business and Nonprofit Health Insurance Subsidy Workgroup Session 3

August 9, 2022
1:00PM – 3:00PM
Via Google Meets

Members Present:
Jon Frank, Co-Chair
Rick Weldon, Co-Chair
Stephanie Klapper
Amber Hyde
Dave Brock
Glenn Arrington
Jamal Lee
Lane Levine
Neil Bergsman
Bob Morrow
Trina Palmore
Missy Davis
Rob Metz (substituting for Deborah Rivkin)
Sandy Walters
Connie Peterson
Janet Ennis
Dana Davenport
Mark Kleinschmidt
Henry Nwokoma

Staff
Johanna Fabian-Marks
Becca Lane
Makeda (Mimi) Hailegeberel

Members of the Public:
Carol [last name unavailable]
Chelsea Bishop
Cindy Hipwell
Allison Taylor
Nic Nemec
Matthew Celentano
Jason Kowalski
Philemon Kendzierski

Welcome and Roll Call
Co-chairs Jon Frank and Rick Weldon welcomed attendees. Mr. Frank expressed appreciation for MHBE staff and thanked everyone who responded to the surveys sent out after the last meeting. Johanna Fabian-Marks, Director of Policy and Plan Management at the Maryland Health Benefit Exchange (MHBE), went over the agenda.

Target Population
Ms. Fabian-Marks shared the results of the survey, noting that the Workgroup's broad goal is to reduce the number of uninsured by targeting subsidies at those small employers most likely to have uninsured employees, and some members of the group wanted temporary rather than permanent subsidies. She presented the proposed target population for the subsidy: employers with 2 to 9 employees who were not offered health insurance within the last 12 months. This narrowing would help to stretch the subsidy dollars further. There is the possibility of targeting employers that have been in

business for a certain duration, such as 60 months, 0-2 years, or 0-4 years. Employers may need to contribute 50% minimum toward premiums, although the existence of a required employer contribution and the amount may vary depending on the subsidy design. Revenue and/or employee income requirements may be incorporated as well to target specifically employers with lower revenue or employee compensation. Ms. Fabian-Marks explained that all aspects of the subsidy design are open for discussion.

Sandy Walters asked for further explanation of the revenue requirements. Ms. Fabian-Marks said that the Workgroup discussed a cap on annual revenue, but that other options are available, like revenue, income, and duration.

Mr. Walters agreed with the limit of 2-9 employees. He stated that making subsidies available only to employers who did not offer health insurance over the last 12 months unfairly penalizes employers who offered benefits. He agreed with limiting the subsidy to businesses who have been in operation for less than 60 months. He stated that the proposed employee income requirement would complicate administration of the subsidy due to the need to determine income for each employee and account for alternative forms of compensation, such as those who are paid on commission.

Glenn Arrington stated that employers with 2 to 50 employees should be the target population, expressing that the other qualifiers will likely be enough to narrow the population to mainly businesses with 2-9 employees in practice. Businesses with larger groups may feel penalized. He explained that the New Mexico and Maine models were not very exclusive regarding employer sizes. He expressed concern about premium contribution requirements, noting that there is no premium participation requirement in Maryland's small group market, and introducing these requirements might direct people whose employers are not contributing to the individual exchanges. He expressed that it is important to follow existing small group models. Mr. Arrington stated that he is okay with revenue and income requirements and that, following the New Hampshire model, the subsidy could cover different percentages of insurance cost based on income. He explained that employers that are larger than 9 employees often still have fewer than 9 employees enrolled because some employees do not enroll, so the target population should be larger than businesses employing 2-9 people.

Trina Palmore expressed that extra requirements mean extra verification and associated red tape. She also asked whether the group wanted the same thing as with the Small Business Health Options Program (SHOP), stating that many of the proposed items are reminiscent of that program and the program did not work very well.

Amber Hyde stated that the contribution of 50% is not working on the current SHOP exchange; it is the first thing that deters employers. She expressed that the group size could also be an issue, recommending that the program eventually be extended to larger group sizes, similar to the Maryland Small Business Health Insurance Partnership Program (Maryland Partnership Program). In the Maryland Partnership Program, eligibility was based on average employee salary rather than each income having to be below the limit.

Rob Metz shared that the actual administration of the program is a primary concern for him given that none of these requirements are data that health insurers currently have. Of the two states that have small business subsidy programs, one has a flat rate reduction and the other has a flat per member per month reduction. He stated that he suspects these approaches simplify the administration. He clarified that he is not arguing against the proposed requirements but wants the group to consider how it would be implemented. He suggested a separate application created and administered by the MHBE. He also distinguished between existing tax credits, which are back-end, as opposed to proposed tax credits, which are meant to be advanceable. He further pointed out that, unlike the exchange that handles all these considerations for the individual market, there is no equivalent for the small group market.

Mr. Frank thanked Mr. Metz for sharing his thoughts on the administration and replied that the Workgroup is still in the crawl phase. He stated that the current thought is to simplify the administration by having employers qualify through one application and then have that applied to a billing mechanism.

Mr. Arrington concurred with Mr. Metz, stating that the more parameters put in place to structure and audit the program, the more challenging the program becomes to implement. He also reiterated his concern that employer contribution requirements would serve as a deterrent for employers.

Ms. Hyde stated that it seemed to her like the Workgroup is trying to take the best parts of both SHOP and the Maryland Partnership Program. She expressed that the Maryland Partnership Program was very successful and was only phased out due to the Affordable Care Act (ACA). In contrast, she stated that she had difficulty getting groups into SHOP due to companies' perception that there was too much paperwork and too many hoops to jump through. As such, she advocated for modeling the subsidy program very closely to the Maryland Partnership Program and not incorporating many aspects of SHOP.

Ms. Fabian-Marks asked for confirmation that the major eligibility requirements for the Maryland Partnership Program were regarding group sizes and income. Ms. Hyde responded in the affirmative but reiterated that there was an opportunity to expand the group sizes that were eligible and that there was no required employer contribution.

Ms. Fabian-Marks went over the survey responses that were received. Details on the responses for each item can be found in the materials for this meeting. She stated that there was no clear leader among many of the items. For the item on the suggested goals for the program, some write-in responses expressed that the program should address all of the proposed goals. Regarding eligibility, the employee income requirement had marginally more support than the others. The group's responses showed a consensus that the program should be available both on- and off-exchange. Ms. Fabian-Marks pointed out that the majority of respondents were in favor of an employer contribution requirement, which was inconsistent with the discussion during this meeting and demonstrates that there are differing viewpoints on the issue.

Mr. Walters suggested that maybe the point some respondents were making on the employer contribution item was that 50% was too high and that another number would be more appropriate.

Ms. Fabian-Marks explained that for the rest of the items, there was no clear leader, including for the item regarding whether savings should be passed on to employees.

Mr. Arrington stated that the ACA requires employers to provide the medical loss ratio back to employees and expressed that he feels it is the right thing to do for this subsidy program as well.

Ms. Fabian-Marks explained that she and Ms. Hailegeberel will follow up with Mr. Frank and Mr. Weldon about the inconclusive responses from the survey.

Subsidy Program Design Options
Mimi Hailegeberel, Small Business Programs Manager at MHBE, went over the subsidy program design options. She stated that they have formed 3 options. The first is a traditional small group employer sponsored plan, wherein a subsidy is set at a certain amount, the employer is determined eligible through an application given by MHBE or a Third Party Administrator (TPA), the employer sets up the plan, and the employer claims the subsidy for 12 or 24 consecutive months. The employer could claim upfront or on a monthly or quarterly basis. The employer would have the option to pass the full portion or part of the credit to the employees. A tax abatement may be included as an incentive for employers as well, although Ms. Hailegeberel expressed that this option would be modeled after SHOP and the discussion indicates that SHOP has not been popular. Employers would be allowed to apply during Open Enrollment season to waive participation rules, or they may apply any month but would be subject to participation rules. She expressed that they can increase the subsidy as criteria are met; for instance, smaller businesses could stand to receive bigger credits.

Ms. Palmore stated that the rate of participation in SHOP is not a matter of whether the program was popular but is instead about how much small employers can afford to contribute to premiums.

Mr. Metz asked for clarification on whether this option would entail an advanceable subsidy or a tax credit. Ms. Hailegeberel responded that this subsidy would be in addition to the SHOP tax credit. Ms. Fabian-Marks explained that the overall idea is to use traditional small group plans to provide a subsidy. One option is a simple credit that would provide a discount on employers' monthly invoices. Alternatively, the group could recommend a tax credit similar to what is available federally, but she expressed that they have heard many concerns over the tax credit due to cash flow problems. Mr. Metz explained that, if the credit is advanceable, it would be important to talk through the flow. If employers apply through the MHBE for the tax credit but enroll through carriers separately, how is MHBE sending the carriers information? He expressed that the program must get money to small employers efficiently and without additional hurdles.

Mr. Frank stated that one possibility is that employers receive a voucher for a reduction in premiums, and this would be set up at the billing level – the additional money would come from the state. He expressed that they are open to other ideas as well. Mr. Metz stated that, for the individual market, this type of process happens through a complicated set of electronic transactions. Without an established process for the small group market it would be important to think through how to connect the pieces involved.

Mr. Arrington agreed that applying tax credits at a group level would be complicated. He stated that simplicity is important and recommended that the subsidy program be kept simple by providing tax credits upfront in the form of a premium reduction. He suggested having 3 income brackets, each with a corresponding percent reduction, and explained that the program could quickly get very expensive, so perhaps scaling back the reduction for the larger groups could help.

Mr. Walters asked for clarification as to whether the subsidy would be for 12 or 24 months. Ms. Hailegeberel responded that it is a suggested option that could be adjusted. Mr. Walters stated that he asked because the limited duration of the SHOP tax credit is another factor that hurt it. He stated that the Senate's approval of the Inflation Reduction Act, which would extend enhanced individual marketplace subsidies enacted under the American Rescue Plan Act through 2025, is another important development that highlights the need to offer an extremely rich plan to compete with the individual market.

Dave Brock suggested that the word *tax* be removed from the conversation because carriers are not involved with tax considerations; those are between clients the appropriate government agency. He commented on Mr. Frank's point regarding a voucher for premium reductions, stating that this is how the Maryland Partnership Program operated: a specific subsidy amount was assigned, and carriers got that subsidy payment directly from the state. He praised the simplicity and efficiency of this approach.

Ms. Hyde expressed that the program should be as streamlined and easy to pitch as MHBE can make it because brokers only get a couple of minutes to talk clients through options; it is easy to lose someone when there are many moving parts.

Ms. Hailegeberel went over the advantages and disadvantages of option 1. Disadvantages include limiting employee choices to those the employer has selected and employees losing Advance Premium Tax Credits (APTCs) if they are offered an affordable employer plan. Advantages include a value add to small business plans compared with independent plans, such as wellness program incentives, as well as network availability on small business plans. Mr. Frank added that the fact that employers get the credit for offering plans to employees is another advantage, as this represents a major driver for employers. A full list of advantages and disadvantages is available in the materials for this meeting.

Ms. Hailegeberel next went over option 2, subsidized Individual Coverage Health Reimbursement Arrangement (ICHRA) plans offered by small businesses. She explained that this is similar to option 1, with the subsidy set at a dollar amount or a percentage of the employee's premium or their family's premium. The employer would be determined eligible through an application given by MHBE or a TPA, and eligible employers would set up employer-sponsored Health Reimbursement Arrangement (HRA) plan. She shared that the main difference between option 1 and option 2 is that, for option 2, employers may set up a plan during any month of the year, not just during Open Enrollment season. Full details for this option are available in the materials for this meeting.

Ms. Palmore asked what happens to the subsidy after 24 months. Mr. Frank explained that any subsidy is subject to budgets and limitations and that it can be thought of as giving startup businesses a temporary leg up, after which they need to continue independent of the subsidy. Ms. Palmore stated that the understanding that the subsidy will end would be a discouragement to joining in the first place.

Mr. Walters stated that the subsidy does have to end but should be phased out, with reductions in the amount each year after a certain point until it becomes zero. He expressed that this would help businesses take gradual steps to handle the change.

Ms. Hailegeberel stated that some of these options may be offered side-by-side, such as offering option 1 side-by-side with option 2.

Mr. Arrington asked for clarification, stating that the ICHRA plans necessitate having a group policy, not an individual policy with an HRA wraparound, because the employees could only enroll during Open Enrollment in January. He expressed that he was under the impression that the goal was to have small group policies that could be set up at any time during the year but that this could not be done with individual policies that bring in an HRA product.

Ms. Fabian-Marks stated that she would check on this but that she thinks a new offer of an ICHRA plan qualifies you for a Special Enrollment Period (SEP) in the individual market, so employees that are offered those types of plans may enroll off-cycle. Mr. Arrington stated that he had not seen that.

Mr. Walters stated that he did not think a group could participate in an ICHRA and a small group plan if there were any participation requirements; they would have to choose option 1 or option 2. Ms. Hailegeberel responded that this is correct and that her earlier comment was meant to communicate that both options can exist and a small group can choose one or the other.

Mr. Weldon expressed that the group needs to agree on the options that they want to move forward with before they can move onto conversations about budget and how to phase out, a discussion which he acknowledged was happening in the chat. It would not be possible to get an idea of the cost for the amount of subsidy they want to offer until they answer some of these subsidy design questions.

Ms. Hailegeberel stated the designs being presented are proposals and can be refined based on the feedback from the Workgroup. Mr. Frank agreed.

Ms. Hailegeberel then discussed the advantages and disadvantages of option 2. Advantages include the following: employer contribution amounts can vary by different classes of employees; costs are reduced compared with small group rates; there is more flexibility for employers; and employees gain control over plan selections. Disadvantages include the following: employees lose eligibility for SHOP tax credits and for APTCs if they are offered affordable employer coverage; this option is not available to self-employed individuals; the provider network is limited; and more education and marketing efforts are necessary to encourage take-up by small businesses. A full list of advantages and disadvantages is available in the materials for this meeting.

Mr. Brock noted the use of language in option 1 and option 2 regarding TPA participation in this process, and he acknowledged Mr. Walters' presence as a representative of Kelly Benefits but asked whether BenefitMall and Amwins, the other major TPAs in the market, have been consulted and are on the same page about buy-in. He underscored that this is important because the TPAs represent a majority of small-group clients as their enrollment and billing administrator. Mr. Walters responded that all TPAs would most likely be interested if the Workgroup can arrive at a definitive plan that is feasible to administer, explaining that Kelly Benefits is certainly interested and that BenefitMall most likely is as well given their administering SHOP. He stated that the TPAs are already well-integrated with the carriers; it would just be necessary to determine whether the upfront eligibility determinations would be done at the MHBE level or at the TPA level.

Stephanie Klapper stated that some very low income people may already be receiving coverage through the individual markets and mentioned that, in addition to losing eligibility for APTCs, Cost Sharing Reductions (CSRs) may also be lost with option 2. She also pointed out that enrollees may lose other pros of their individual market plan, such as specific carriers.

Mr. Arrington expressed that TPAs may ease implementation and reiterated that SHOP was too complex to effectively implement. To Ms. Klapper's comment, he stated that the carriers offer the same products on and off the exchanges but that enrollees might indeed lose CSRs with option 2. He explained that there are upsides to the policies that will be made available, however.

Ms. Palmore expressed that the unintended consequences that Ms. Klapper outlined are very real, explaining that she could not see herself selling her current clients on the program given how many of her clients have many employees that would be eligible. She expressed that they should not design something in competition with federal subsidies.

Mr. Walters agreed, stating that the individual market has become much more attractive and that it will be difficult to move people from it to the group market without a massive investment. He stated that it is possible they could hurt employers and their employees in their attempts to offer them insurance.

Ms. Palmore stated that the money is there and expressed that they should design regulation so that employers may offer subsidies and have their employees keep their federal subsidies.

Mr. Arrington acknowledged that the points about the downsides of moving away from the individual market are valid, but he stated that the prescription drug coverage in the group marketplace is often better than in the individual market.

Ms. Klapper noted that Mr. Arrington raised a good point about prescription drug coverage, and she stated that the Affordability Workgroup, of which she is a member, has seen conversations about standardizing prescription drug benefits with new standard plans in the individual market, although she acknowledged that she is not sure whether they would be comparable to the group market if that is put into practice.

Ms. Hailegeberel went over option 3, an additional state premium subsidy. In this design, employers would be determined eligible through an application most likely administered by MHBE; Ms. Hailegeberel stated that MHBE is unsure whether it would be feasible for TPAs to administer, but it is possible. Eligible employers or their employees would be given a unique code identifying them as eligible for a subsidy when enrolling through Maryland Health Connection (MHC), and employers would explain to their employees that they are eligible for APTCs and additional subsidies for some employees based on income qualifications. Either a broker or the employer would assist employees with selecting an individual insurance plan, and employees would enter the unique employer code. The subsidy may be taxable, so employees would reconcile it when filing their taxes.

Mr. Metz asked for confirmation that this option would entail implementing an additional change to the 834 like was done with the Young Adult Subsidy Program: it would be a third line item on the 834 in addition to APTCs and Young Adult Subsidy. Ms. Fabian-Marks responded in the affirmative.

Ms. Hailegeberel then discussed the advantages and disadvantages of this option. A major advantage is that there is no impact on APTCs, meaning the employee could combine the subsidy with APTCs, which could allow fewer state dollars to cover more uninsured individuals and more small employers through expanded eligibility criteria. Reduced cost compared with traditional small group plans is another advantage. Disadvantages include the following: employers have limited control over what plans are offered; tax implications are introduced for the employee; the employee does not receive the value adds that accompany traditional group plans; and this option is not available outside of Open Enrollment and the SEP. A full list of the advantages and disadvantages of this option is available in the materials for this meeting.

Ms. Klapper asked for clarification: she explained that for her plan with her small employer, she can only change plans during Open Enrollment, but as a new employee she would be able to take advantage of an SEP. She asked how the restrictions on when to enroll would be different for employees than in employer-sponsored plans like hers.

Mr. Arrington responded that when a new employee becomes eligible, the waiting period is set, after which employees cannot change their coverage outside of Open Enrollment. Mr. Walters further clarified that being hired is not a qualifying event that allows one to change their coverage, so under option 3, if someone is hired outside of Open Enrollment, they cannot become covered until Open Enrollment.

Ms. Klapper asked whether it would be possible to open an SEP for when someone becomes newly eligible. Ms. Fabian-Marks concurred that this could be part of the recommendation for this option.

Mr. Walters asked for clarification on what the employer's role would be under this option, stating that the individual market is what is being marketed and sold. Mr. Frank responded that the employer would still be responsible for establishing the plan, but he acknowledged that there may be other issues associated with selling employers on this idea. Mr. Walters concurred, stating that it seems like all employers will get out of this option will be paperwork. Mr. Frank agreed that this represents a disadvantage of option 3.

Mr. Arrington agreed with Mr. Walters and Mr. Frank, expressing that he does not see the advantage from the employer standpoint unless an SEP is opened to add new employees. He stated that the program should follow the rules followed on and off the exchange to keep the implementation simple and make it competitive on and off the exchange.

Ms. Klapper expressed that the most attractive thing about option 3 is that it would build a state program that works in tandem with federal APTCs, meaning that there is a great deal of money on the table, especially given the expected 3-year renewal of enhanced APTCs. She acknowledged that there are administrative questions involved, however. She also stated that many employers may care about offering competitive health insurance given the tight labor market.

Ms. Palmore expressed that the fact that option 3 gives employees the ability to combine the benefits of the program with federal APTCs makes it attractive.

Mr. Metz expressed that there has been long-term stability in the Maryland small group market and that it is important to consider whether incentivizing small employers to shift employees to the individual market may destabilize the market that has been functioning effectively and create risk-pooling issues between the markets. He stated that, despite the express intention to target uninsured people specifically, it may be impossible to specifically isolate that group for enrollment through this program. Mr. Weldon agreed that the risk pooling issues Mr. Metz mentioned are to be avoided.

Ms. Palmore stated that the existing SEPs include loss of coverage and expressed that losing coverage through your existing plans should allow employees to transition into a new plan through this program.

Ms. Hailegeberel presented a comparison of the 3 options. The full graphic is available in the materials for this meeting. She highlighted that options 1 and 2 would be available on- and off-exchange but that option 3 would only be available on-exchange because the APTCs and CSRs are only available on-exchange. Options 1 and 2 would take an estimated 12-18 months, while option 3 would entail a far shorter implementation time.

Mr. Walters suggested that simplicity should also be a factor for comparison. He stated that option 1 is the simplest, option 2 is very complicated because ICHRAs are hard to explain, and option 3 is somewhere in the middle. He also recommended comparing the benefits to the employer. Ms. Hailegeberel stated that she would add those recommendations.

Mr. Frank pointed out that if option 1 did not have a contribution requirement, employees with APTCs would not become ineligible for them. He stated that whether a contribution requirement is present is an important factor. The small group market today uses participation requirements rather than contribution requirements.

Ms. Fabian-Marks agreed that Mr. Frank's suggestion could be a helpful way to get around the issue of APTC eligibility. She asked the group which of the models they would most prefer, assuming they strip option 1 of its employer contribution requirement. She noted that she is not hearing much enthusiasm for option 2 but asked for feedback on whether this is accurate.

Ms. Palmore stated that option 3's allowance for employees to qualify for the program while keeping APTCs would eliminate the competition between the small business program and APTCs.

Ms. Klapper agreed that the APTC aspect of option 3 is attractive. She asked for clarification on why removing the employer contribution would allow employees to still qualify for APTCs: is it because the calculations for what qualifies as affordable employer coverage include an employer contribution minimum, or is it because there is a concern that employers would not offer good coverage?

Mr. Frank explained that family income plays a role and that he was assuming the 50% contribution was an employee contribution. Whether an employee loses APTC eligibility depends on whether their employer's plan offerings are affordable. Another important factor is the carrier's participation requirement that would be in place unless it was waived by the plan having a January 1 start date. If the program is offered to qualifying small employers for January 1 without a required contribution, individuals currently covered by the individual market could continue in that market without impacting the group plan.

Mr. Walters stated that he believed that they could qualify any time of year if coverage on the individual market is a legitimate waiver because the 75% participation requirement would still most likely be reached.

Mr. Frank expressed that it depends on whether coverage on the individual market is considered a valid waiver: discussions have indicated that some carriers consider it a valid waiver, and some do not.

Mr. Walters suggested that counting coverage on the individual market as a valid waiver could be made a requirement in order to help with this program. He expressed that he likes option 1 best, followed by option 3. He stated that he does not like option 2 at all because it does not seem workable.

Mr. Arrington agreed with Mr. Walters that option 1 is the easiest to implement and stated that it could avoid the issue of disrupting the small group market by moving people into the individual market, as well as being the most marketable to employers. He expressed that it would be good to continue to have APTCs and CSRs available to employees. He stated that some enhancements could be made to option 1 to include as many uninsured individuals as possible. He stated that option 3 would be his second choice, although he dislikes the lack of control the employer has and that it is made up of individual policies, as well as introducing issues of new hire eligibility.

Ms. Palmore stated that option 1 would give more control to the employer but would require the employer to contribute more money, which some companies may not be able to afford. She expressed that this would be more manageable for new companies who can incorporate health insurance contributions as a line item from the start than for existing companies for whom this would be a new expense.

Mr. Walters expressed that it may be impossible to give a subsidy amount that is truly helpful without having a whole different plan design that takes care of catastrophic events.

Ms. Hailegeberel clarified that the 50% employer contribution was added as a potential avenue for passing savings on to employees because survey responses indicated that having that as a feature of the program was important. She stated that the employer contribution requirement can be removed but that having savings passed down to employees in some way should be incorporated into the program.

Ms. Palmore stated that it is important to be in contact with the Maryland Insurance Administration (MIA) in order to understand what program parameters they would allow.

Jamal Lee expressed that it is important to be mindful of the challenges faced by small businesses and avoid putting further strain on them. He stated that small employers want to be able to offer their employees health insurance but that employers must be able to afford it.

Ms. Palmore pointed out that there is ambiguity as to why premiums in the individual market increased by as much as 10%. Mr. Weldon expressed that it may not be possible to effectively answer that question in the timeframe that the workgroup has. Ms. Fabian-Marks stated that premium increases are being proposed due to inflation and increases in utilization coming out of the pandemic, but rate increases for 2023 will not be finalized until next month. Henry Nwokoma agreed, stating that MIA is working on answering some of the questions Ms. Palmore asked.

Duration of Subsidy Program
Ms. Hailegeberel reviewed the considerations around the subsidy timeline. She stated that it may last between 18 and 24 months, although a different timeline could be suggested by available funding. The timeline and cost will be part of the deliberations at the next meeting.

Ms. Fabian-Marks stated that the concerns from the group today regarding the timeline and phase-out will be taken into consideration as MHBE staff, Mr. Frank, and Mr. Weldon work to develop projections on more specific options for the next meeting.

Ms. Hailegeberel expressed that a phase-out could be incorporated at the end of the subsidy to help provide a soft landing for businesses. She then discussed next steps: determining and modeling eligibility criteria to achieve the highest possible impact with the dollars available and detailing scenarios on how far the funds would stretch with different kinds of eligibility criteria applied.

Mr. Weldon asked group members to review the slide deck and provide feedback through email regarding how to tweak options 1 and 3 within the next day or two. Mr. Frank agreed.

Ms. Palmore expressed that an employer's options after the subsidy ends should be communicated clearly to them from the start of the subsidy. Mr. Weldon agreed, highlighting the importance of a phase-out component.

Ms. Klapper noted that there may be members of the workgroup who have valuable perspectives but are not ready to say them during a workgroup meeting or through email, and she asked if MHBE staff would be willing to have one-on-one conversations with members to gather feedback from them. Ms. Fabian-Marks responded in the affirmative, stating that anyone who wants to discuss with her and Ms. Hailegeberel should reach out, and they can make themselves available. Ms. Hailegeberel agreed.

Mr. Walters expressed that it will be important to have a projection for the average number of employees that would be taking advantage of the program. Mr. Frank responded that the group has access to a sample census that included 7 individuals from age 22 to 58, which may be a good data source for that kind of projection. Mr. Walters stated that using the number of businesses and the number of employees per business could allow for calculation of the average subsidy; the group can assess whether that average value would help drive employers to purchase a small group plan.

Ms. Fabian-Marks explained that MHBE will work with Lewis & Ellis and MIA to come up with real numbers using data on premiums, enrollment, and the number of uninsured.

Ms. Palmore commented that, when it comes to gold policies, it seems like carriers are favoring the actuarial numbers that show an 80/20 split.

Mr. Frank thanked the group for their participation, praising the discussion in today's meeting. He also asked group members to continue to share their feedback as they have it.

Public Comment
None offered.

Adjournment
The meeting adjourned at 3:00 pm.

Chat record:
00:09:37.632,00:09:40.632
Neil Bergsman: I think $50k income ceiling is too low. There is a consensus forming that a "middle class" lifestyle requires more like a $75 k annual income (recognizing that many households have multiple earners. I think there should not be a ceiling, or it should be in the 75-100k range.

00:12:03.545,00:12:06.545
Dana Davenport: If the program has a requirement of being <5 yrs in operation, then I think it would need to be called a subsidy for nonprofit and for-profit business startups. Otherwise, I don't think there should be a limit on the amount of time in operations from a nonprofit perspective. Many nonprofits "get by" for well over 5 years because many employees who take the jobs have health insurance from another source (i.e., spouse, family if under age 26).

00:13:22.372,00:13:25.372
Dana Davenport: @Neil: agreed on <$50k being too low. The self-sufficiency standard for Howard County, for example, is approximately $75k/year.

00:13:23.111,00:13:26.111
Lane Levine: I agree with Dana - I wouldn't want to see a <5 year requirement for either non-profit or for profit

00:14:16.989,00:14:19.989
Neil Bergsman: Dana is correct - time limits do not make much sense for small nonprofits. That includes a limit on months in operation, and the limit on how long the subsidy remains in effect.

00:16:18.240,00:16:21.240
Dana Davenport: Good points, Trina. We should consider how we verify criteria for the program. A deterrent before was the amount of paperwork involved in applying, so it's important to keep that in mind.

00:20:26.379,00:20:29.379
Neil Bergsman: I agree with Rob. We should try to minimize the required information that would not be alreadiy available to the business/nonprofit in the regular course of operations.

00:24:35.178,00:24:38.178
Nic Nemec: Nic Nemec from Hilltop here: To Rick's question, just wanted to confirm that I'm taking minutes and creating a chat record as well.

00:24:56.669,00:24:59.669
Rick Weldon: Thanks Nic

00:25:13.577,00:25:16.577
Glenn Arrington: Simplified is better and rules under small group currently makes it uniform - Just create eligibility income be the factors to qualify

00:25:25.412,00:25:28.412
Becca Lane -MHBE-: Thanks Nic. Google also automatically sends me a chat log after every meeting that I always include in minutes

00:32:54.867,00:32:57.867
Neil Bergsman: Wouldn't requiring savings to be passed on be a problem to enforce, because the employer always has other ways to recoup costs from employees.(I.e. if wages/salary or other benefits are lower that they otherwise would be?).

00:35:59.755,00:36:02.755
Neil Bergsman: Note that tax credits may not be available to nonprofits. You have to design it in a particular way for NPs to be abler to take advantage.

00:36:59.341,00:37:02.341
Neil Bergsman: Again, time limits are generally a problem for small nonprofits.

00:42:55.100,00:42:58.100
Janet Ennis -MDH-: Under the Health Insurance Partnership subsidy program, the state sent the subsidized portion of the premium directly to the participating carriers each month.

00:46:03.419,00:46:06.419
Glenn Arrington: It takes sometimes 30-45 minutes to explain the SHOP to even see what they qualify - So you lose them

00:46:37.778,00:46:40.778

Glenn Arrington: Simple is better

00:49:26.375,00:49:29.375
Glenn Arrington: One other major issue of the other options like what is being presented is waiting period 90 day max

00:49:50.131,00:49:53.131
Stephanie Klapper: Would add disadvantage to Option 1 of potential for employees to lose individual market coverage, and for low-income employees loss of CSR

00:51:10.675,00:51:13.675
Neil Bergsman: I have come to appreciate the point about employers (including for-profits and nonprofits) wanting to offer HI as a recruitment advantage, to improve employee morale, or just to be a good employer who values their workers.

00:52:37.069,00:52:40.069
Glenn Arrington: That is a good point Sandy ween them off

00:53:40.314,00:53:43.314
Mark Kleinschmidt: The phase out would make the money last longer. some help is better than no help. Good point about being at the mercy of future funding

00:55:08.011,00:55:11.011
Dave Brock: Sandy is correct

01:00:13.594,01:00:16.594
Glenn Arrington: I think they would be for sure if there is an upside to it and easy to provide

01:01:53.178,01:01:56.178
Dana Davenport: At a high level, can terming out of eligibility be based on no longer meeting criteria (e.g., more employees than criteria limit) as opposed to a time-limited subsidy? Growth and affordability aren't linear trajectories that happen on the same time period in each organization. It seems like if it's available as long as a business needs it, then the program works better for businesses.

01:04:12.701,01:04:15.701
Dana Davenport: @Stephanie: Good point. People will weigh which plan works best for them (to keep or lose what they currently have), so an employer plan has to cover what they have.

01:06:07.376,01:06:10.376
Neil Bergsman: Dana As I understand it, employees do NOT get to choose. If a qualifying employer plan is available to you, you are not eligible for the federal subsidies for individual coverage. Right, y'all?

01:06:28.612,01:06:31.612
Becca Lane -MHBE-: Right

01:06:38.772,01:06:41.772
Glenn Arrington: These are very good points that the ACA created in the individual market that will make it extremely difficult to compete with but the RX benefits can be much better in group

01:08:41.851,01:08:44.851
Neil Bergsman: Trina, my understanding is that your suggestion would require changes in FEDERAL law or regulation. We can endorse such a change, but we will be reporting to the Governor and General Assembly, and THEY can't change that policy.

01:08:53.657,01:08:56.657
Johanna Fabian-Marks -MHBE-: That's correct, Neil.

01:09:59.956,01:10:02.956
Dana Davenport: Yes, I get that. I'm thinking of the impact from an employee perspective - that when employers present options, as an employee, I want to pick the options that align closest to what I have.

01:13:25.391,01:13:28.391
Glenn Arrington: This in my opinion would not be an option for a small employer

01:13:54.035,01:13:57.035
Glenn Arrington: No that is not the case

01:17:30.470,01:17:33.470
Neil Bergsman: Option 3 - Disadvantage #4 - employers could advertise "health insurance subsidy" in their recruitment material. I'd think that would be a plus in recruitment.

01:25:56.367,01:25:59.367
Glenn Arrington: When I worked for the carrier we called this "churn" you are moving business to one pool to another which would effect the small group pool off the exchange - I just find this challenging for all markets and challenging to set up potentially but I will keep an open mind

01:29:11.332,01:29:14.332
Glenn Arrington: Option 1 as I stated earlier the easiest to admin but it has a draw back with CSR but the RX benefit in group plans are better. It is hard to accommodate all advantages and disadvantages - I personally like Option 1

01:33:12.694,01:33:15.694
Rob Metz: I like Sandy's point about simplicity, but I would make the case that Option 1 being the simplest is contingent on simple parameters. A flat small group rate reduction would certainly be the simplest to understand and implement. But with more complex parameters the advantage of simplicity begins to diminish.

01:33:19.890,01:33:22.890
Neil Bergsman: There's a perception problem if we are going to only help employers who offer "unaffordable" plans.

01:39:32.362,01:39:35.362
Glenn Arrington: We are not saying that they have to contribute 50% we stated lowering and in small employers do not have to contribute at all in small group - agree with Sandy's points

01:39:51.945,01:39:54.945

Neil Bergsman: Could the state authorize both 1 and 3, and the employer could choose to ;participate in one or the other (or neither)? What are the problems with that? Cost? Complexity? What else?

01:44:25.524,01:44:28.524
Glenn Arrington: yes people are utilizing more care now with the pandemic and RX is going up so that is part of the trends

01:46:59.136,01:47:02.136
Glenn Arrington: The cost of care to deliver the new technology procedures, New RX drugs, and people are now going for the procedures that they waited during the heat of the pandemic

01:48:43.758,01:48:46.758
Henry Nwokoma -MDInsurance-: MIA can provide what reasons carriers have based their rate increases on for both individual and small business plans

01:55:22.271,01:55:25.271
Amber Hyde: Thank you!