MARYLAND HEALTH BENEFIT EXCHANGE

750 E. Pratt St., 6th floor
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Maryland 1332 State Innovation Waiver Five-Year Extension Application 2024-2028

Maryland State Reinsurance Program

Draft Prepared by the Maryland Health Benefit Exchange
February 6, 2023

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Section 1: Extension Request

A detailed description of the extension request, including the desired time period for the extension. The state must confirm there are no changes to the current waiver plan for the new waiver period that are otherwise not allowable under the state's STCs, or that could impact any of the section 1332 statutory guardrails or program design.

Waiver Request & Timeframe

The State of Maryland, through the Maryland Health Benefit Exchange (MHBE), submits this 1332 State Innovation Waiver (waiver) extension request to the Centers for Medicare & Medicaid Services (CMS) in the United States Department of Health and Human Services (HHS), and the Department of Treasury (DOT). Currently, Section 1312(c)(1) of the Affordable Care Act (ACA) is waived for years 2019 through 2023 to allow Maryland to implement its State Reinsurance Program (SRP). With this application, Maryland requests an extension of its waiver for an additional five-year period, beginning January 1, 2024 and ending December 31, 2028, to continue operating the SRP.

MHBE requests a waiver extension without substantive change. The five-year extension is the only change to the existing waiver. The waiver extension will continue to abide by the Specific Terms and Conditions set forth by CMS, adhere to the guardrails established by Section 1332, as well as principles laid out in guidance from CMS, and will not affect other provisions of the ACA.

Maryland State Reinsurance Program Overview

Background

During the 2018 legislative session, the Maryland General Assembly passed House Bill 1795 – Establishment of a State Reinsurance Program (HB 1795), which was then signed into law by Gov. Larry Hogan on April 5, 2018. HB 1795 was an emergency measure that directed the Maryland Health Benefit Exchange to submit a Section 1332 State Innovation Waiver to HHS and the Treasury to establish a State Reinsurance Program.

On May 18, 2018, the MHBE submitted an application to HHS to waive Section 1312(c)(1) of the ACA for a period of five years to implement the SRP. The waiver proposed to cover plan years 2019 through 2023 and allowed Maryland to include expected state reinsurance payments when establishing the market wide index rate, decreasing premiums and federal payments of advance premium tax credits (APTCs).

MHBE proposed that the SRP would operate as a traditional, claims-based reinsurance program that reimburses qualifying health insurers for a percentage of an enrollee's claims between an attachment point and cap.

On August 22, 2018, the Centers for Medicare and Medicaid Services (CMS), on behalf of HHS and the Department of the Treasury, approved Maryland's State Innovation waiver for the period of January 1, 2019 through December 31, 2023.[1]

Funding

The SRP is funded with both federal pass-through funds and a state health insurance provider fee. The state funds were established through several pieces of legislation, and include funds to support the SRP through a second five-year waiver period. During the 2018 legislative session, Senate Bill 387, Health Insurance – Individual Market Stabilization (Maryland Health Care Access Act of 2018) (Ch. 37, Acts 2108) created § 6-102.1 of the Insurance Article and established a health plan assessment to be collected in 2019 to help fund the SRP. Section 9010 of the Affordable Care Act (ACA) created a federal health insurance provider fee ("9010 fee") for covered entities engaged in the business of providing health insurance. The 9010 fee was based on the entity's net premiums for the year and was estimated at about 2.75% to 3%.[2] The federal spending bill enacted in January 2018 suspended the collection of this federal fee for 2019. SB 387 of 2018 applied a 2.75 percent assessment on certain health insurance plans and Medicaid managed care organizations that are regulated by the state and allowed the state to collect certain funds that the federal government would have collected under Section 9010.

During Maryland's 2019 legislative session, House Bill 258/Senate Bill 239 was passed to establish a state-based health insurance provider assessment of 1% to fund the SRP through 2023. In 2020, the U.S. Congress enacted the Further Consolidated Appropriations Act, which repealed the federal 9010 fee for calendar years beginning after December 31, 2020. Consequently, the General Assembly passed a technical correction to the applicability of the assessment (Senate Bill 124 of 2020, Maryland Health Benefit Exchange – Assessment Applicability and State–Based Individual Market Health Insurance Subsidies) to remove the language from House Bill 258/Senate Bill 239 that attached Maryland's assessment to the now repealed 9010 fee and to ensure that the state-based health insurance provider assessment continued to apply as intended.

During the 2022 Session, House Bill 413/Senate Bill 395 was passed to extend the 1% health insurance provider assessment through calendar year 2028, in order to facilitate this application to extend the SRP for a second 5-year waiver period, through 2028, and to provide funds to support the SRP during that time.

[1] https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/1332-STC-MD-Signed.pdf

[2] Levitis, Jason. Considerations for a State Health Insurer Fee Following Repeal of the Federal 9010 Fee. State Health and Value Strategies. Jan 30, 2020. https://www.shvs.org/considerations-for-a-state-health-insurer-feefollowing-repeal-of-the-federal-9010-fee/

Carrier Accountability Reporting

Another component of the SRP is a regulatory requirement that all carriers participating in the SRP submit an annual report describing carrier activities to manage the costs and utilization of the enrollees whose claims were reimbursed by the SRP, as well as efforts to contain costs so that enrollees do not exceed the reinsurance threshold.[3] MHBE began collecting this data in 2020 for plan year 2019.

Key findings from the Carrier Accountability Reports can be found on page 10 of the December 2022 report on the SRP submitted by MHBE to the Maryland General Assembly.[4] Reporting instructions and corresponding reporting templates are available on the MHBE website.[5,6]

Administration

MHBE implements the SRP within its operating budget and existing MHBE staff administer the program. MHBE's accounting staff disburses payments to carriers. MHBE contracts with an actuarial firm to provide assistance with projections, passthrough reports, and other actuarial needs. MHBE also works closely with the Maryland Insurance Administration to review contracted actuarial work, refine assumptions and projections, and develop recommended SRP payment parameters. The MHBE Board of Trustees sets the SRP attachment point, coinsurance rate, and cap annually for the following year. In addition, the Board can set an annual market-level dampening factor provided by the Maryland Insurance Commissioner, if determined necessary to mitigate the interaction of the SRP and the federal risk adjustment program.

Annual key dates in the operation of the SRP:

- Estimated payment parameters approved by the MHBE Board of Trustees - February
- Claims data from carriers due to MHBE - May
- Final payment parameters approved by the Board - July
- SRP payments from MHBE to carriers - September

Table 1. SRP Payment Parameters, 2019-2023

Parameters	2019-2022	2023
Attachment Point	$20,000	$18,500
Coinsurance Rate	80%	80%
Cap	$250,000	$250,000
Dampening Factor	.760-.805	.840

[3] COMAR 14.35.17.03(C)

[4] Maryland Health Benefit Exchange. Joint Chairmen's Report: Reinsurance Program Costs and Forecast. December 30, 2022. https://www.marylandhbe.com/wp-content/uploads/2023/01/2022-pg46-MHBE_Reinsurance-Program-Costs-and-Forecast.pdf

[5] Instructions: http://www.marylandhbe.com/wp-content/uploads/2022/06/1.-2020-Reinsurance-Program-Carrier-Accountability-Report-Instructions-1.docx

[6] Templates: http://www.marylandhbe.com/wp-content/uploads/2022/06/2.-2020-Reinsurance-Program-Carrier-Accountability-Report-Template-1.xlsx, http://www.marylandhbe.com/wp-content/uploads/2022/06/3.-2020-Reinsurance-Program-Carrier-Accountability-Report-Supplemental-Template-1.xlsx

Section 2: Program Outcomes

Updated economic or actuarial analyses for the extension period, if the state is aware of changes in state law, the state insurance market, or to the waiver program that are allowable under the STCs and impact waiver assumptions and projections, and that the state has not previously shared with the Departments via its reporting requirements.

Please see Appendix A: Lewis & Ellis Actuarial and Economic Analysis for Continuation of Maryland's 1332 Waiver. This analysis shows how the SRP has reduced premiums and increased enrollment and provides projections for the extension period. The analysis also notes that a third insurer joined the individual market in Maryland in 2021 and expanded to provide coverage statewide in 2022, resulting in all Maryland counties having a choice of at least 2 insurers.

Section 3: Updated Economic or Actuarial Analysis for Extension Period

Preliminary evaluation data and analysis of observable outcomes from the existing waiver program, which includes quantitative or qualitative information on why the state believes the program did or did not meet the statutory guardrails. For example, the state may provide information comparing the originally projected premium reductions or expected claims reimbursements to the actual values of the outcomes observed.

Please see Appendix A: Lewis & Ellis Actuarial and Economic Analysis for Continuation of Maryland's 1332 Waiver.

Section 4: Evidence of Sufficient Authority Under State Law

Evidence of sufficient authority under state law(s) in order to meet the ACA section 1332(b)(2)(A) requirement for purposes of pursuing the requested extension.

As discussed in Section 1, House Bill 1795 of 2018 was signed into law and directed the Maryland Health Benefit Exchange to submit a Section 1332 State Innovation Waiver to HHS and the Treasury to establish a State Reinsurance Program, and House Bill 413/Senate Bill 395 was signed into law in 2022 to extend the 1% health insurance provider assessment through calendar year 2028, in order to provide funds to support the SRP during the requested extension period.[7] MHBE's statutory authority to implement the SRP under Insurance Article § 31-117, Annotated Code of Maryland, does not include a sunset date. MHBE's statutory

[7] Insurance Article, §6-102.1, Annotated Code of Maryland

authority to apply for a waiver for the program under Md. Insurance Article § 31-117.1 also does not include a sunset date.

In addition to the statutory language referenced above, Code of Maryland Regulations 14.35.17 sets forth the structure, implementation, and eligibility standards for the SRP, as required under Insurance Article § 31-117, Annotated Code of Maryland.

Section 5: Public Input

An explanation and evidence of the process to ensure meaningful public input on the extension request, which must include:

a. For a state with one or more Federally-recognized Indian tribes within its borders, providing a separate process for meaningful consultation with such tribes, and providing written evidence of the state's compliance with this requirement;
b. Publicly posting the submitted LOI on the state's website to ensure that the public is aware that the state is contemplating a waiver extension request; and
c. Publicly posting the waiver extension application on the state's website upon its submission of the waiver extension application to the Departments.

The state does not have to meet all of the public notice requirements specified for new waiver applications in 31 C.F.R. § 33.112 and 45 C.F.R. § 155.1312 (e.g., holding two public hearings and providing a 30-day comment period) to fulfill paragraph (5) above. However, the state must ensure and demonstrate there was an opportunity for meaningful public input on the extension request. For example, the state may choose to hold one public hearing or provide an amended or shorter comment period, or some combination of both. If the state holds one public hearing, it can use its annual public forum for the dual purposes of gathering input on the existing waiver as well as the extension application request.

As required, the Letter of Intent is posted on the MHBE website at the following link: https://www.marylandhbe.com/wp-content/uploads/2023/02/Maryland-1332-Waiver-Extension-LOI-12.15.22.pdf

The draft waiver extension application was posted to the MHBE website on February 6, 2023, with written comments requested by February 17. A notice of public hearing was posted to the MHBE website on February 2, and to the Maryland Register on February 10. Notice of the hearing and a request for comment on the draft extension application were also circulated to MHBE's Standing Advisory Committee.

The public hearing was held on February 15, 2023. MHBE's presentation is attached to this application as [Appendix B - to be added after hearing].

[Description of written comments received and summary of comments during the hearing to be added after comment period and hearing.]

Written comments received during the public comment period are included in [Appendix C - to be added after comment period].

Appendix A: Lewis & Ellis Actuarial and Economic Analysis for Continuation of Maryland's 1332 Waiver

LEWIS & ELLIS
Actuaries and Consultants

Actuarial and Economic Analysis for Continuation of Maryland's 1332 Waiver

MARYLAND HEALTH BENEFIT EXCHANGE

STATE OF MARYLAND

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Submitted on:
February 6, 2023

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INTRODUCTION

In 2019, the state of Maryland implemented the State Reinsurance Program ("SRP") for the Individual market by using an Affordable Care Act ("ACA") Section 1332 waiver ("Waiver"). The SRP provides funds to health insurers operating in the Individual market to help cover the costs of high-cost members. Prior to the introduction of the Waiver, Maryland's Individual market had multiple years of significant premium increases and subsequent enrollment loss.

For 2019, 2020, 2021 and 2022, Maryland set payment parameters such that the SRP would provide a payment equal to 80% of the claims incurred between $20,000 and $250,000 for each member in the Individual market. The goal was to reduce premiums in the Individual market by 30% (due to direct funding and associated morbidity improvements) and improve health coverage for Marylanders.

Through the first four years, the Waiver achieved Maryland's goals of improving coverage and affordability in the Individual market. To continue upon the success of the first Waiver and to avoid any market destabilization, Maryland is applying for a five-year extension of the Waiver for years 2024 through 2028. Except for possible reinsurance parameter changes, the new five-year Waiver is expected to work identically to the current Waiver.

Approval of Section 1332 waivers must comply with four requirements outlined by federal law. These requirements are:

- Provide coverage that is at least as comprehensive as the coverage provided without the waiver,
- Provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as without the waiver,
- Provide coverage to at least a comparable number of residents as without the waiver, and
- Not increase the federal deficit[1].

The current Waiver has met these compliance requirements and is projected to do so throughout the new five-year Waiver.

This report has been prepared for the Maryland Health Benefit Exchange ("MHBE"), the Maryland Insurance Administration ("MIA"), and the Department of Health and Human Services ("HHS") to meet the requirements of 45 CFR 155.1308(f)(4)(i) -(iii) and to analyze the impact of the current Waiver and the potential impact of its extension through 2028.

[1]https://www.cms.gov/cciio/programs-and-initiatives/state-innovation-waivers/section_1332_state_innovation_waivers-

CURRENT WAIVER ANALYSIS

L&E reviewed the current Waiver to ensure compliance with 1332 Waiver regulations and to ensure that the State's program goals are achieved. Currently, both objectives are being met and are projected to continue to do so throughout the Waiver extension period.

The following sections outline how compliance is achieved with the four Section 1332 Waiver requirements along with a detailed actuarial and economic analysis.

COMPREHENSIVENESS

The comprehensive requirement requires the Waiver to have benefit coverage that is at least as comprehensive for residents of the State as coverage absent the waiver. This requirement was satisfied as the Waiver did not make any changes regarding Essential Health Benefits ("EHBs").

AFFORDABILITY

The affordability requirement states that coverage under the Waiver must be at least as affordable for State residents absent the Waiver. As stated previously, the initial Waiver target was to reduce overall premiums by 30%. L&E estimated the Waiver exceeded this target in each of its first four years and is projected to do so again in 2023.

Exhibit 1 – Estimated Reinsurance Impact on Total Individual Market Premiums[2]

	2019	2020	2021	2022	2023
Estimated Reinsurance Premium Impact	-33.8%	-37.0%	-32.8%	-31.0%	-33.7%

Since the Waiver did not mandate any changes to out-of-pocket costs, the premium reductions achieved satisfy the affordability requirement.

COVERAGE

The coverage requirement states the Waiver must extend coverage to at least a comparable number of State residents absent the Waiver. L&E estimates that the Waiver increases Individual market enrollment by 6.4% per year compared to the scenario where the Waiver is not in place. This growth is primarily from those not eligible for federal subsidies since persons eligible for subsidies have their net premium cost insulated from gross premium increases. Therefore, these persons are minimally impacted by the existence of the Waiver program.

Actual enrollment has grown every year since the introduction of the Waiver in 2019.

[2] Calculated from insurer's rate filings and weighted by enrollment based on which carrier had the second lowest cost silver plan in each rating area.

Two years after the Waiver was implemented and stabilized the market, a new insurer entered the Maryland Individual market, which further reduced premiums, improved competition, and created more coverage options for Marylanders.

FEDERAL DEFICIT

The final requirement for an approved Waiver is the cost of its implementation must not increase the federal deficit. Reinsurance claim reimbursements under the Waiver are funded by two sources: 1) federal pass-through payments, and 2) a State health insurer premium tax. Federal pass-through payments are calculated as the savings to the federal government due to the Waiver reducing premiums which lowers Advanced Premium Tax Credit (APTC) liabilities, less any lost revenue due to the Waiver such as lower Exchange User Fee collections[3]. Because the premium tax is state-funded, and pass-through payments are the savings to the federal government realized as the result of the Waiver program, there is no impact to federal deficit.

Exhibit 2 – 2019–2023 Waiver Cashflows

	2019	2020	2021	2022*	2023*
Federal Pass-Through	$373,395,635	$447,277,359	$474,542,755	$344,149,951	$438,916,624
State Premium Tax	$326,606,485	$118,517,416	$124,158,202	$130,897,529	$135,478,942
Reinsurance Costs	-$352,840,511	-$400,166,658	-$467,658,488	-$519,238,420	-$581,972,216

*Projected

[3] L&E adjusts future pass-through projections based on an analysis of actual to expected differences between prior L&E's projections and CMS' calculations.

RESULTS

Exhibit 3 below shows actual enrollment, premiums, reinsurance costs, and federal pass-through dollars for the first three years of the Waiver compared to an estimated scenario where the Waiver was not in place.

Exhibit 3 – 2019-2021 Waiver Results

	2019	2020	2021
Baseline (No Reinsurance)			
Total Non-Group Enrollment	179,708	197,546	207,932
APTC Enrollment	113,588	124,638	147,891
Total Non-Group Premium PMPM	$799	$749	$633
APTC PMPM	$749	$743	$599
Total APTCs	$1,020,470,372	$1,111,674,904	$1,062,775,639
After Reinsurance			
Reinsurance Cost	$352,840,511	$ 400,166,658	$ 467,658,488
Increase in SLCSP Premium without Reinsurance	50%	57%	47%
Total Non-Group Premium PMPM	$529	$472	$426
APTC PMPM	$462	$434	$404
Change in Total Non-Group Enrollment	6.4%	6.4%	6.4%
Total Non-Group Enrollment	191,178	210,155	221,204
APTC Enrollment	113,296	122,984	137,951
Total APTCs	$627,665,728	$640,913,580	$669,536,444
Federal Pass Through	$373,395,635	$447,277,359	$474,542,755

Exhibit 4 shows projections for the final two years of the current Waiver. Note, some items, such as the 2022 federal pass-through amount, have already been finalized and are known.

Exhibit 4 – Projected 2022 and 2023 Results

	2022	2023
Baseline (No Reinsurance)		
Total Non-Group Enrollment	244,182	257,968
APTC Enrollment	180,781	195,839
Total Non-Group Premium PMPM	$618	$687
APTC PMPM	$509	$547
Total APTCs	$1,103,168,462	$1,285,587,016
After Reinsurance		
Reinsurance Cost	$519,238,420	$581,972,216
Increase in SLCSP Premium without Reinsurance	43%	48%
Total Non-Group Premium PMPM	$426	$456
APTC PMPM	$356	$352
Change in Total Non-Group Enrollment	6.4%	6.4%
Total Non-Group Enrollment	259,769	274,434
APTC Enrollment	168,908	189,160
Total APTCs	$721,210,493	$798,451,389
Estimated Federal Pass Through	$344,149,951	$438,916,624

Exhibit 5 shows the change in enrollment and premium during the waiver period for Maryland and a comparison group of states. The comparison group includes the 17 states that expanded Medicaid prior to 2018 and have not implemented a 1332 waiver[4]. The premium change is measured as the average monthly premium for the second lowest cost silver plan.

Exhibit 5 – Impact of 1332 Waiver Versus Non-Waiver States

	Premium Change 2018 - 2023		Individual Market Enrollment Change 2018 - 2021	
	Dollars	Percent	Member Months	Percent
Maryland	-$151	-31%	344,617	15%
Comparison Group Average	$11	2%	89,646	3%

[4] Arizona, Arkansas, California, Connecticut, District of Columbia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Nevada, New Mexico, New York, Ohio, Washington, West Virginia

Exhibit 6 shows the change in enrollment and premium during the same time period for the 12 states[5] that expanded Medicaid prior to 2018 and implemented a 1332 waiver. A direct comparison to other waiver states has limitations due to varying implementation dates.

Exhibit 6 – Impact of Maryland's 1332 Waiver Versus other 1332 Waivers

	Premium Change 2018 - 2023		Individual Market Enrollment Change 2018 - 2021	
	Dollars	Percent	Member Months	Percent
Maryland	-$151	-31%	344,617	15%
Comparison Group Average	-$60	-13%	126,999	8%

[5] Alaska, Colorado, Delaware, Hawaii, Minnesota, Montana, New Hampshire, New Jersey, North Dakota, Oregon, Pennsylvania, Rhode Island

UPDATED ASSUMPTIONS

As part of the approval to extend the Waiver, the State is required to provide information regarding, "if the state is aware of changes in state law, the state insurance market, or to the waiver program that are allowable under the [Specific Terms and Conditions ("STCs")] and impact waiver assumptions and projections, and that the state has not previously shared with the Departments via its reporting requirements." Based on discussions with MHBE and MIA, all changes affecting the current and future Waiver have been previously communicated to the Department.

WAIVER EXTENSION ANALYSIS

As discussed previously, the Waiver extension is not expected to operate differently from the current Waiver. Therefore, the four Waiver requirements required for approval are expected to be met in a similar manner as the current Waiver.

Exhibit 7 – Overview of Waiver Requirements and Estimated Impacts

Waiver Requirement	Estimated Waiver Impact
Comprehensiveness	No impact
Affordability	Premium reduction of 34%
Coverage	Increase enrollment by 6.4%
Federal Deficit Neutrality	5-year federal savings of $2.2B[6]

The new Waiver does not mandate any changes to EHBs; therefore, it meets the comprehensiveness requirement. The reinsurance parameters will continue to target a reduction to premiums of at least 30%, resulting in similar enrollment gains as in the current Waiver when compared to a scenario when the Waiver is not in place. These objectives satisfy the affordability and coverage requirements of the Waiver approval process. The Waiver will continue to be funded by federal pass-through payments and the State premium tax. As a result, the federal deficit is unaffected, meeting the final requirement.

L&E made the following assumptions when modeling the projections for the Waiver extension.

1. The American Rescue Plan Act of 2021 (ARPA) created enhanced premium subsidies which were extended by the Inflation Reduction Act of 2022. L&E has assumed the subsidies will expire at the end of 2025 as currently written into law.
2. While not finalized, the attachment point is projected to be increased $500 per year beginning in 2024.
3. Claims and premiums were trended at 5% annually.

[6] All federal savings from the Waiver are expected to be passed-through to Maryland.

4. Enrollment projections include the impacts of Maryland's Young Adult Subsidy Program, Medicaid redeterminations as the result of the end of the Public Health Emergency, the fixing of the Family Glitch, the ending of ARPA-level subsidies, and other factors affecting enrollment shifts in Maryland's Individual market.

Exhibit 8 below outlines economic and actuarial projections for the Waiver extension.

Exhibit 8 – Projected 2024-2028 Waiver Extension Results

	2024	2025	2026	2027	2028
Baseline (No Reinsurance)					
Total Non-Group Enrollment	244,355	245,552	214,087	215,136	216,192
APTC Enrollment	185,059	185,977	135,396	136,060	136,886
Total Non-Group Premium PMPM	$723	$764	$794	$839	$886
APTC PMPM	$597	$629	$689	$724	$761
Total APTCs	$1,326,401,092	$1,404,025,842	$1,118,821,729	$1,182,361,723	$1,249,417,583
After Reinsurance					
Reinsurance Cost	$622,958,130	$654,827,842	$649,626,552	$682,762,510	$717,225,570
Increase in SLCSP Premium without Reinsurance	49%	49%	50%	50%	50%
Total Non-Group Premium PMPM	$477	$504	$523	$552	$584
APTC PMPM	$392	$413	$428	$452	$473
Change in Total Non-Group Enrollment	6.4%	6.4%	6.4%	6.4%	6.4%
Total Non-Group Enrollment	259,952	261,226	227,752	228,869	229,992
APTC Enrollment	175,086	175,957	132,338	132,987	134,776
Total APTCs	$822,911,692	$871,510,731	$680,414,473	$721,285,551	$764,508,258
Estimated Federal Pass Through	$453,651,623	$479,804,231	$395,011,619	$415,436,658	$436,910,692

APPENDICES

APPENDIX A: CAVEATS

L&E performed reasonability tests on the data used; however, L&E did not perform a detailed audit of the data. To the extent that the information provided was incomplete or inaccurate, the results in this report may be incomplete or inaccurate.

L&E made several assumptions in performing the analysis. Several of these assumptions are subject to material uncertainty and it is expected that actual results could materially differ from the projections. Examples of uncertainty inherent in the assumptions include, but are not limited to:

- Data Limitations.
  - L&E relied on the data submitted from the insurers for significant portions of this analysis. To the extent that the data is inaccurate, the analysis will be impacted.
- Enrollment Uncertainty.
  - Beyond changes to premiums and market wide programs, consumer responses to these have inherent uncertainty. Therefore, actual enrollment could vary significantly.
- Political and Health Policy Uncertainty.
  - Future federal or state actions could dramatically change future premiums and enrollment.

This report has been prepared for Maryland Health Benefit Exchange, the Maryland Insurance Administration, and the Department of Health and Human Services in relation to the analysis of the Maryland's 1332 Waiver and its requested extension. Any other use may not be appropriate.

L&E understands that this report may be distributed to other parties; however, any user of this report must possess a certain level of expertise in actuarial science and/or health insurance so as not to misinterpret the data presented. Any distribution of this report should be made in its entirety. Any third party with access to this report acknowledges, as a condition of receipt, that L&E does not make any representations or warranties as to the accuracy or completeness of the material. Any third party with access to these materials cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.

APPENDIX B: DISCLOSURES

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations[7], promulgates Actuarial Standards of Practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct[8], to observe the ASOPs of the ASB when practicing in the United States. ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

IDENTIFICATION OF THE RESPONSIBLE ACTUARIES

The responsible actuaries are:

- Josh Hammerquist, FSA, MAAA, Vice President & Principal
- Jason Doherty, ASA, MAAA, Consulting Actuary
- Dave Dillon, FSA, MAAA, MS, Senior Vice President & Principal

The actuaries are available to provide supplementary information and explanation.

IDENTIFICATION OF ACTUARIAL DOCUMENTS

The date of this document is February 6, 2023. The date (a.k.a. "latest information date") through which data or other information has been considered in performing this analysis is January 13, 2023.

DISCLOSURES IN ACTUARIAL REPORTS

- The contents of this report are intended for the use of the Maryland Health Benefit Exchange, the Maryland Insurance Administration, and the Department of Health and Human Services. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis Inc. is financially and organizationally independent from the companies that participate in the Maryland Individual market. L&E is not aware of anything that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the Department of Health and Human Services with analysis of Maryland's 1332 Waiver extension.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.

[7] The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conoference of Consulting Actuaries, and the Society of Actuaries.
[8] These organizations adopted identical Codes of Professional Conduct effective January 1, 2001.

- Lewis & Ellis has reviewed the data provided for reasonableness but has not audited it. L&E nor the responsible actuaries assume responsibility for items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.
- L&E is not aware of other subsequent events that may have a material effect on the findings.

ACTUARIAL FINDINGS

The actuarial findings of the report can be found in the body of this report.

METHODS, PROCEDURES, ASSUMPTIONS, AND DATA

The methods, procedures, assumptions, and data used can be found in the body of this report.

ASSUMPTIONS OR METHODS PRESCRIBED BY LAW

This report was prepared as prescribed by applicable law, statutes, regulations, and other legally binding authority.

RESPONSIBILITY FOR ASSUMPTIONS AND METHODS

The actuaries do not disclaim responsibility for material assumptions or methods.

DEVIATION FROM THE GUIDANCE OF AN ASOP

The actuaries do not believe that material deviations from the guidance set forth in an applicable ASOP have been made.

Appendix B: MHBE 1332 Waiver Extension Application Public Hearing Presentation

To be added after public hearing.

Appendix C: Written Comments Received During Public Comment Period

To be added after close of public comment period.