

# Policy Update

---

Johanna Fabian-Marks, Director of Policy & Plan Management

February 22, 2022

The background is a solid teal color. In the center, there is a stylized graphic of a flower or a starburst shape, composed of several overlapping, semi-transparent teal circles of varying shades, creating a layered, petal-like effect.

# State Reinsurance Program Parameters for 2023

# SRP Parameters - Regulatory Requirements

## COMAR 14.35.17.04

B. Each year the Board shall set the payment parameters for the State Reinsurance Program by determining the following factors:

- (1) An attachment point;
- (2) A coinsurance rate;
- (3) A reinsurance cap; and
- (4) A market-level dampening factor provided by the Commissioner, if determined necessary by the Board.

**C. For each benefit year after 2019, the Board shall set the estimated payment parameters for the State Reinsurance Program on or before April 1 of the calendar year preceding the applicable plan year.**

D. For each benefit year after 2019, the Board shall set the final payment parameters for the State Reinsurance Program before December 31 of the calendar year preceding the applicable plan year.

# Calendar Year 2022 SRP Key Dates

<b>February 21, 2022</b>	<b>MHBE Board</b>	<b>Set estimated 2023 SRP parameters.</b>
May 2, 2022	MIA	2023 Rate Filing Deadline
May 2022	MHBE Policy	2021 Carrier Data Submission: - 2021 and emerging 2022 claims continuance table - 2021 Carrier EDGE Server Data
June 30, 2022	MHBE Policy	2021 Carrier SRP Accountability Reports Due
Early July 2022	MHBE Policy	- Finalize recommended 2023 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2021 SRP payments
<b>July 18, 2022</b>	<b>MHBE Board</b>	<b>Set final 2023 SRP parameters.</b>
Mid-August – Early September	MIA	MIA 2023 rate release
September 2022	MHBE	Issuers receive SRP payments for 2021 claims experience

# Estimated 2023 SRP Parameters – Staff Recommendation

- For the purposes of 2023 rate filing, MHBE staff recommend no change to the existing attachment point, coinsurance rate, and cap.
- MHBE staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019	Final 2020	Final 2021	Final 2022	Estimated 2023
Attachment Point	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Coinsurance Rate	80%	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.800	.785	.760	.805	Yes

# Projected SRP Fund Expenses and Income: Plan Year 2023

- We project that using the current parameters, under a range of scenarios, the SRP would remain solvent in 2023.
- Federal funding would be fully used (no carryover to a following year).
- State funding would be necessary, and we would end 2023 with a state balance of \$245M - \$553M depending on the scenario.

	2021 Est.	2022 Est.	2023 Est.: ARPA Ends	2023 Est.: ARPA Continues
<b>SRP Cost</b>	\$432,632,395	\$491,646,596	\$505,995,722	\$514,515,711
<b>Other Expenditures*</b>	\$100,000,000	\$21,900,000	\$42,000,000	\$42,000,000
<b>Fed. Funding</b>	\$474,542,755	\$336,886,680 - \$474,560,974	<b>\$243,752,593</b>	<b>\$360,807,099 - \$496,635,345</b>
<b>State Funding</b>	\$124,158,202	\$126,945,429	\$129,795,226	\$129,795,226
<b>End of Year Balance – Fed.</b>	\$109,228,272	\$0 - \$92,094,928	<b>\$0</b>	<b>\$0 - \$74,214,563</b>
<b>End of Year Balance - State</b>	\$367,382,103	\$420,748,165 - \$466,327,531	<b>\$245,300,263 – 382,974,557</b>	<b>\$353,834,780 - \$553,122,757</b>

\*Can only be funded with state dollars. 2021- Medicaid transfer; 2022 -YA subsidy and SPDAP; 2023 - YA subsidy, Health equity grants, and Community Health Resources Commission.  
Cost and funding projections from Lewis & Ellis 10-year projections as of 2/3/22.

# Summary of Next Steps

1. **Feb. 21:** Board sets estimated 2023 reinsurance parameters to inform rate filings due May 2
2. **February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
3. **May:** Carriers submit 2021 and emerging 2022 claims data; MHBE and MIA analyze in May and June to recommend final 2023 reinsurance parameters
4. **July:** Board sets final 2023 reinsurance parameters

## Motion

Staff requests that the Board approve the estimated parameters for the 2023 State Reinsurance Program as follows:

- an attachment point of \$20,000,
- a coinsurance rate of 80%,
- a cap at \$250,000, and
- a dampening factor to be provided by the Insurance Commissioner.



The background is a solid teal color. In the center, there is a stylized graphic of a flower or a starburst shape, composed of several overlapping, semi-transparent teal circles of varying shades, creating a layered, petal-like effect.

# Special and Open Enrollment Period Regulations

# Purpose

Update enrollment regulations to:

1. Align with federal special enrollment period (SEP) regulation updates at 45 CFR §155.420
2. Reflect recent SEPs established in state statute
  - Easy Enrollment
  - Pregnancy
3. Align SEPs with Exchange operations
4. Update Open Enrollment dates to Nov. 1 – Jan. 15

# Summary of Updates (1/3): $\leq 150\%$ SEP

- Provides year-round enrollment for consumers with annual income  $\leq 150\%$  of the federal poverty level...
  - ...as long as Congress continues enhanced tax credits for this population. This allows them to receive nearly \$0 premium coverage for a platinum-level plan.
- Biggest impact in states that didn't expand Medicaid, but still impactful for Maryland residents with incomes just above the 138% FPL Medicaid threshold
- Cushion for income-related churn
- MHBE plans to implement with July 2022 release (after regs are finalized) which is timely for first wave of consumers who may lose Medicaid coverage June 30 when certification extension is scheduled to end

# Summary of Updates (2/2)

<b>COMAR 14.35.07...</b>	<b>Complies with:</b>	<b>Description of change</b>
.12A(2)	45 CFR §155.420(d)(1)(ii)	Adds SEP for loss of QSEHRA
.12A(3)	155.420(d)(1)(iii)	Adds to loss of pregnancy-related coverage
.12B(2)(b) & (c)	155.420(d)(15)	Adds SEP for when employer or government stops paying COBRA contributions
.12E(3)	HBX	Allows attestation to indicate loss of MEC
.12H	155.420(b)(4)	Addresses effective dates for change in APTC/CSR
.13E(2)(b)	154.420(b)(2); HBX	Allows consumer to choose the first day of the month following QHP selection in the case of birth, adoption, foster care, etc.
.18	155.420(a)(5); HBX	Adds SEP for previously lived in a service area with no QHPs available Updates effective dates for permanent move SEP

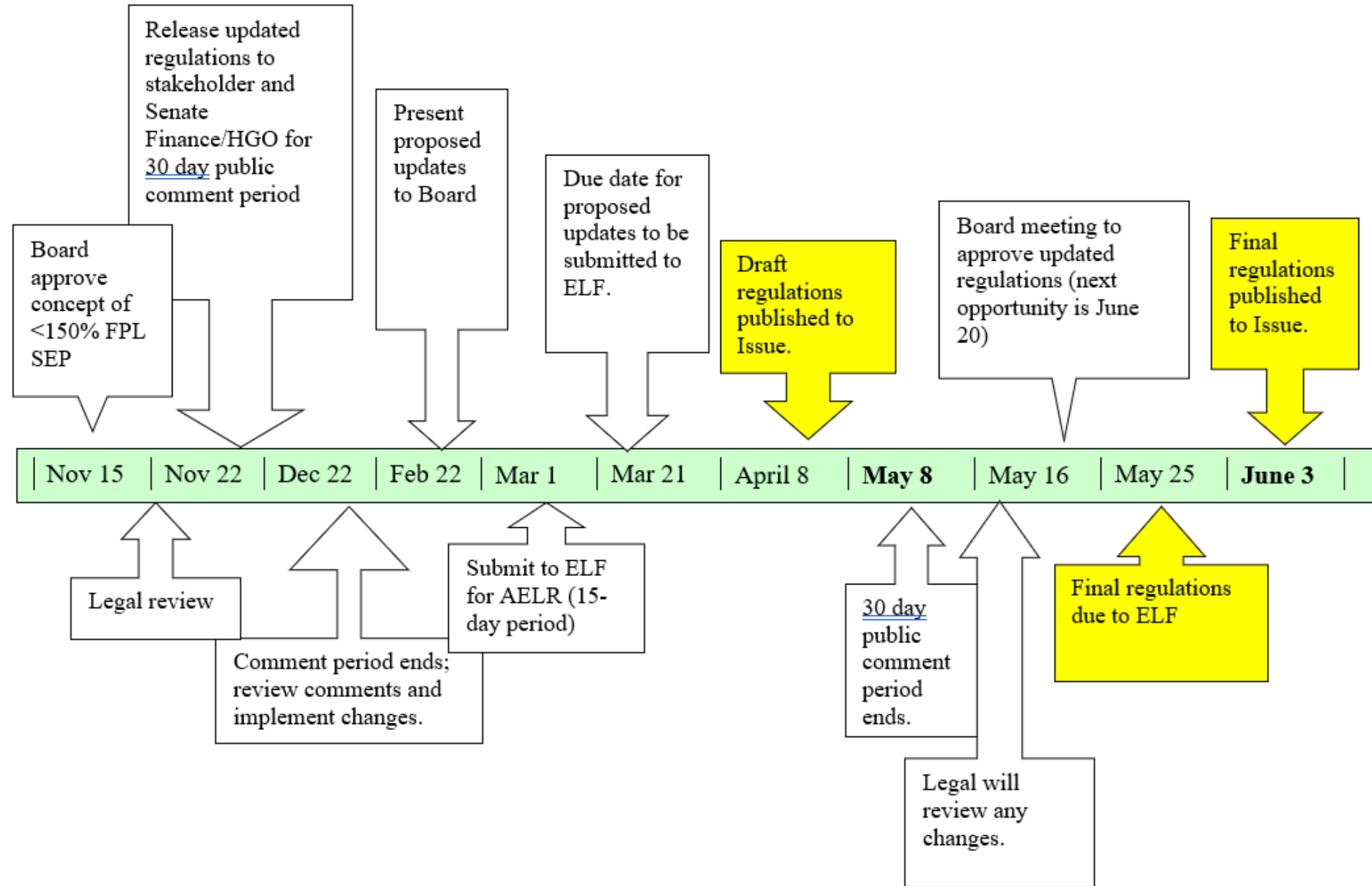
# Summary of Updates (3/3)

<b>COMAR 14.35.07...</b>	<b>Complies with:</b>	<b>Description of change</b>
.19B	155.420(d)(6)(v)	Adds SEP for qualified individuals who are newly eligible for APTC due to decrease in income
.19C	MD Ins Art § 31-202(d)(2)	Adds SEP for Maryland Easy Enrollment Health Insurance Program (MEEHP)
.19D	MD Ins Art § 15-1316(c)(2)	Adds pregnancy SEP
.19J	155.420(d)(14)	Adds SEP for new access to QSEHRA or HRA
.19K	155.420(d)(11)(i)	Adds SEP if Medicaid determination delay causes consumer to miss OE or original SEP
.19M	§155.420(d)(16)	Adds low-income SEP
.19N	HBX	Addresses eligibility windows for new SEPs Updates windows for existing SEPs

# Stakeholder Comments

Comment	MHBE Response
<p>Objections to low-income SEP (Kaiser, UHC)</p> <ul style="list-style-type: none"> <li>Discourages continuous enrollment</li> <li>Accumulator resets / care disruption</li> <li>Consumer confusion / fluctuation in income and eligibility</li> <li>Existing SEPs are sufficient</li> <li>Will encourage frequent plan switching and adverse selection</li> </ul>	<p>The SEP will be available for new enrollees, not for current enrollees to plan switch. Consumers in the specified income bracket have low incentive for adverse selection because they are eligible for very low cost premiums.</p>
<p>Objection to pregnancy SEP (UHC)</p>	<p>The pregnancy SEP regulation brings MHBE into compliance with Md. Code, Ins. §15-1316(c)(2). MHBE has implemented this SEP since 2019 and has not observed adverse selection</p>
<p>Objection to lowering the standard of certification from documentary evidence to attestation at 14.35.07.12E(3); understands the practice but objects to lowering regulatory standard (CF)</p>	<p>MHBE believes that changing the regulatory standard will not impact consumer behavior.</p>

# Timeline



## Motion

MHBE staff request that the Board vote to approve the Enrollment Period Proposed Regulations as shared with the Board for publication in the Maryland Register.





# Silver Value Plan Modification

# 2022 Value Plan Standards

Requirements	Bronze	Silver	Gold
<b>Minimum offering</b>	Issuer must offer at least 1 “Value” plan.	Issuer must offer at least 1 “Value” plan.	Issuer must offer at least 1 “Value” plan.
<b>Branding</b>	Required.	Required.	Required.
<b>Medical Deductible Ceiling</b>	No requirement. Lower deductibles are encouraged.	\$2,500 or less.	\$1,000 or less.
<b>Services Before Deductible</b>	<ul style="list-style-type: none"> <li>• Primary Care Visits with copay of not more than \$40</li> <li>• Mental Health and Substance Use Disorder</li> <li>• Outpatient Visits with copay ≤\$40</li> <li>• Generic Drugs with copay ≤\$20</li> </ul>	<ul style="list-style-type: none"> <li>• Primary Care Visit</li> <li>• Urgent Care Visit</li> <li>• Specialist Care Visit</li> <li>• Mental Health and Substance Use Disorder</li> <li>• Outpatient Visits</li> <li>• Generic Drugs</li> <li>• Laboratory Tests</li> <li>• X-rays and Diagnostics*+</li> <li>• Diabetic Supplies (insulin and glucometers)</li> </ul>	<ul style="list-style-type: none"> <li>• Primary Care Visit</li> <li>• Urgent Care Visit</li> <li>• Specialist Care Visit</li> <li>• Mental Health and Substance Use Disorder</li> <li>• Outpatient Visits</li> <li>• Generic Drugs</li> <li>• Laboratory Tests*</li> <li>• X-rays and Diagnostics*</li> <li>• Diabetic Supplies (insulin and glucometers)</li> </ul>

# Issue Summary

- Actuarial Value is the percentage of total average costs for covered benefits that a plan will cover.
- Draft 2023 Actuarial Value (AV) calculator puts MHC's silver value plans out of range; too generous
  - If silver deductible ceiling stays at \$2,500, plans will require significant increases to copays, coinsurance, out-of-pocket maximum
- Proposal: Increase silver value plan medical deductible ceiling from \$2,500 to \$3,000
  - Allow carriers to minimize other cost sharing increases
  - Carriers support increased flexibility
  - Affordability workgroup to be convened this spring could review value plans holistically for 2024

## Motion

Staff requests that the Board approve setting the 2023 Silver value plan medical deductible ceiling at \$3,000.