

# State Reinsurance Annual Public Forum

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Maryland Health Benefit Exchange  
Policy Department

June 17, 2020

# Public Forum Agenda

- Introduction
- 1332 Waiver Presentation
  - Program Performance for Plan Year 2020
  - Program Developments Since Last Annual Reinsurance Public Forum
  - Carrier Accountability Reports
  - 2021 Reinsurance Parameters
  - Remaining 2020 Timeline
- Public Testimony Period

\*Note: If you wish to testify during the public comment period, please sign up on the Google Form in the comment section

# Introduction

- This forum is required pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c)
- MHBE will host this forum annually
- The purpose is to provide the public an opportunity to give meaningful comment on the progress of the waiver thus far



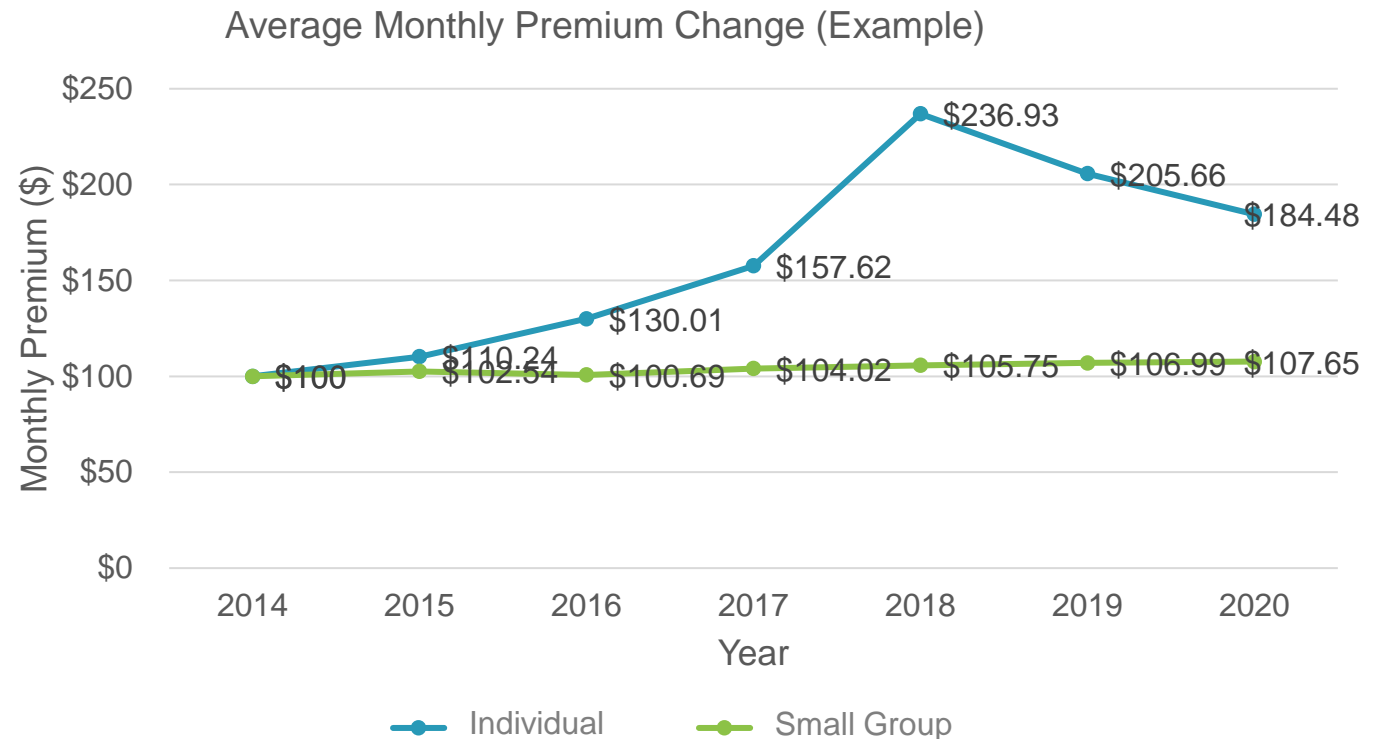
# Maryland State Reinsurance Program Performance for Plan Year 2020

# Premiums Continued to Fall

Monthly premiums were lowered by an average of 10% for 2020, on top of a 13% decrease for 2019, returning average rates to below 2018 levels.

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

## Average (%) Premium Increases Individual & Small Group (Example)



# Estimated Effect of the Reinsurance Program on 2020 Premiums

Rate Impact of the SRP by carrier.\*

Carrier (Network)	Enrollment (on/off MHC)	2020 Rate Change (w/o Reinsurance)	2020 Rate Change (w/ Reinsurance)
CareFirst (HMO)	130,642	11.8%	-14.7%
CareFirst (PPO)	11,665	65.3%	-1.4%
Kaiser Permanente (HMO)	64,792	23.8%	-5.0%
Total	207,099	19.6%	-10.3%

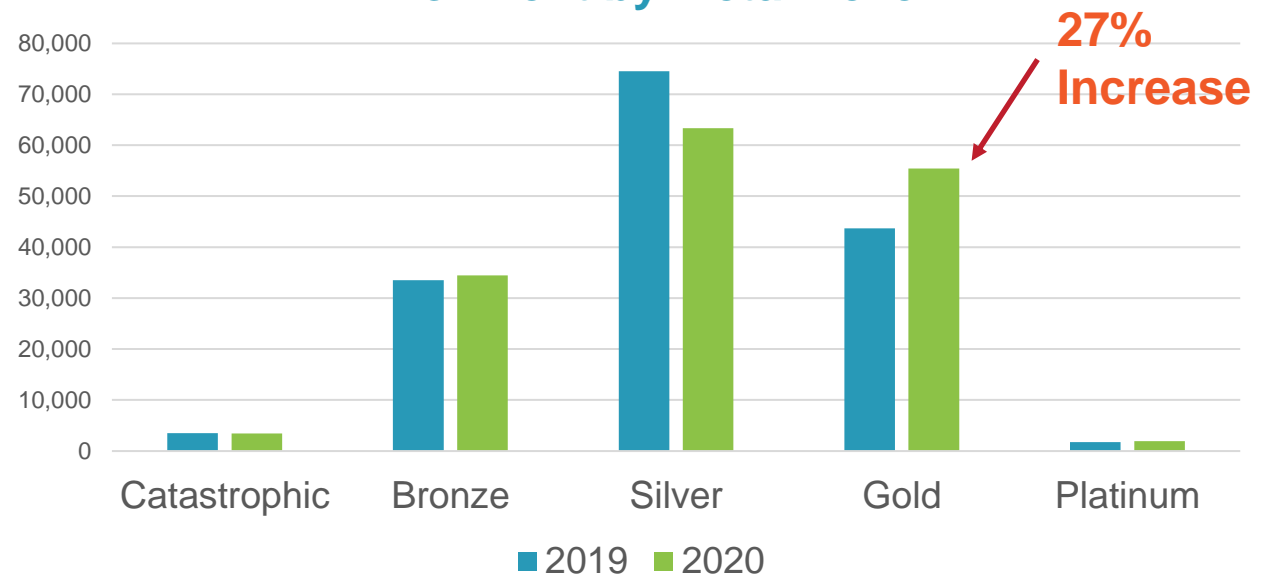
\*Data as of 4/30/20 provided by the MIA

# Enrollees Chose Higher-Value Plans

With lower premiums, enrollees on Maryland Health Connection were able to upgrade to higher-value plans with lower cost-sharing.

Metal Level	2019 Total	2020 Total	% Change
Platinum	1,736	1,955	13%
<b>Gold</b>	<b>43,675</b>	<b>55,421</b>	<b>27%</b>
Silver	74,536	63,364	-15%
Bronze	33,529	34,445	3%
Catastrophic	3,487	3,415	-2%

2020 Maryland Health Connection Enrollment by Metal Level

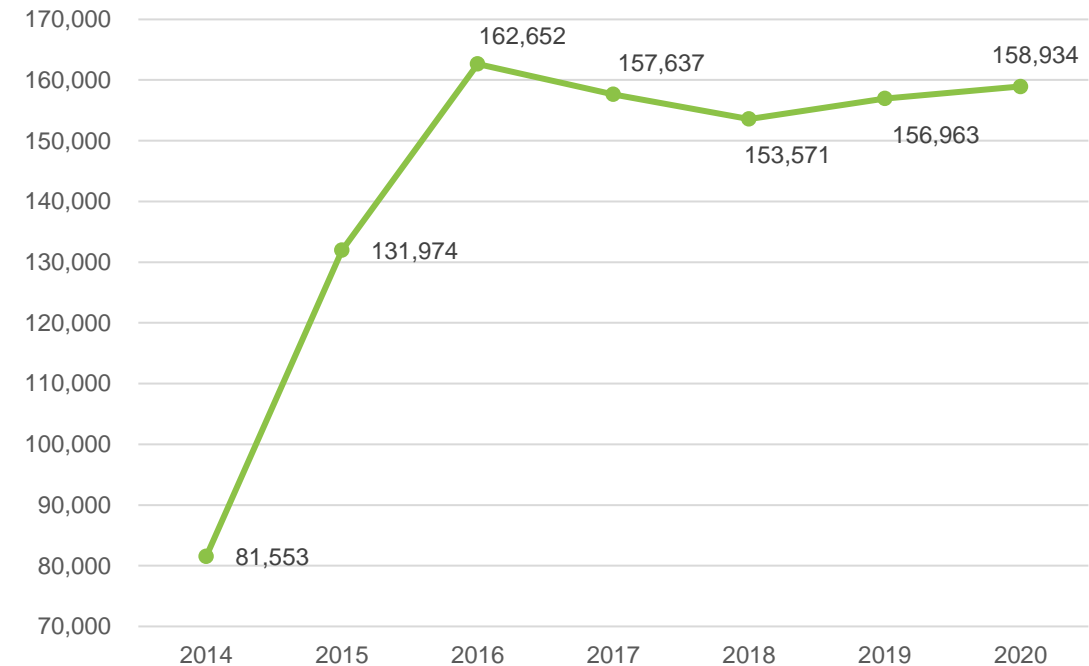


Enrollment data as of the end of open enrollment for 2020: Dec. 15, 2019.

# Enrollment Continued to Rise

- Maryland's total 2020 individual market enrollment, including plans obtained directly from carriers, was 215,484 – up 1 percent from 212,149 a year earlier
- Individual market exchange enrollment is at a four-year high
- Maryland compared favorably with the nation as a whole: Enrollment on the federal platform, HealthCare.gov, was down about 1.5 percent for 2020, compared to 2019<sup>1</sup>

Individual Market Exchange Enrollment<sup>2</sup>



1. [Health Insurance Exchanges 2020 Open Enrollment Report](#) Centers for Medicare and Medicaid Services, April 1, 2020

2. Enrollment data as of the end of open enrollment preceding each plan year



# Estimated Effect of the Reinsurance Program on 2020 Enrollment

Without the reinsurance program, individual market enrollment would have been an estimated 10 percent lower.

Scenario	Subsidized Enrollment	Unsubsidized Enrollment	Total Enrollment
2020 Estimate w/o Reinsurance	111,401	61,983	173,384
2020 Estimate w/ Reinsurance	111,401	81,568	192,969
Difference w/o Reinsurance	-	-24%	-10%
Actual 2020 Enrollment	124,541	90,943	215,484

# A New Carrier Announced It's Entering the Market

- In May 2020, United Healthcare announced that it is rejoining the individual market and will be offering plans on Maryland Health Connection for plan year 2021.
- 2021 will be the first year with an increase in the number of individual market carriers since 2015.

Benefit Year	2014	2015	2016	2017	2018	2019	2020	2021
Participating carriers (#)	4	5	5	3	2	2	2	3*

\* Pending approval of plan and rate filings by the Maryland Insurance Administration

# Projected Program Cost and Actual Federal Funding (millions)

	2019	2020	2021
Projected Total Cost	\$ 370.2	\$ 400.1	\$ 426.8
Projected Federal Pass-Through	\$ 373.0	\$ 324.8 (81%)	\$ 373.9 (88%)
Projected State Cost	\$ -	\$ 75.2 (19%)	\$ 52.9 (12%)
Actual Federal Pass-Through	\$ 373.4	\$ 447.3	TBD

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# Program Developments Since Last Annual Reinsurance Public Forum

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September 2019	Lewis and Ellis finalized analysis of 2018 and 2019 carrier data to update modeling of program costs and market impact and recommend 2020 program parameters
September 16, 2019	MHBE Board finalized 2020 program parameters
February 17, 2020	MHBE Board set estimated 2021 program parameters
March 19 – April 24, 2020	Public comment period on estimated 2021 program parameters and proposed hybrid approach to setting the dampening factor
March 30, 2020	Draft Reinsurance Annual Report Submitted to CMS
April 22 – May 22, 2020	Public comment period on draft guidance to carriers on first annual Carrier Accountability Reports
May 2020	Carriers submit 2019 claims data for analysis

\*The first Annual Reinsurance Public Forum took place on May 2, 2019

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# Carrier Accountability Reports

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- State regulations at COMAR 14.35.17.03(C) require all carriers participating in the SRP to submit an annual report describing carrier activities to manage the costs and utilization of enrollees whose claims were reimbursed under the SRP
  - The report should also include efforts to contain costs so enrollees do not exceed the threshold
- This report will collect targeted information on diabetes, behavioral health, asthma, and pregnancy/childbirth, as well as information on the most common diagnoses among enrollees whose claims were reimbursed under the SRP
  - These conditions align with existing state population health goals and will provide more information on opportunities to improve health and reduce costs
- Reports on the first year of the SRP will be due this summer/early fall

# 2021 Reinsurance Parameters



# SRP Parameters 2019-2021

State regulations require the MHBE Board to:

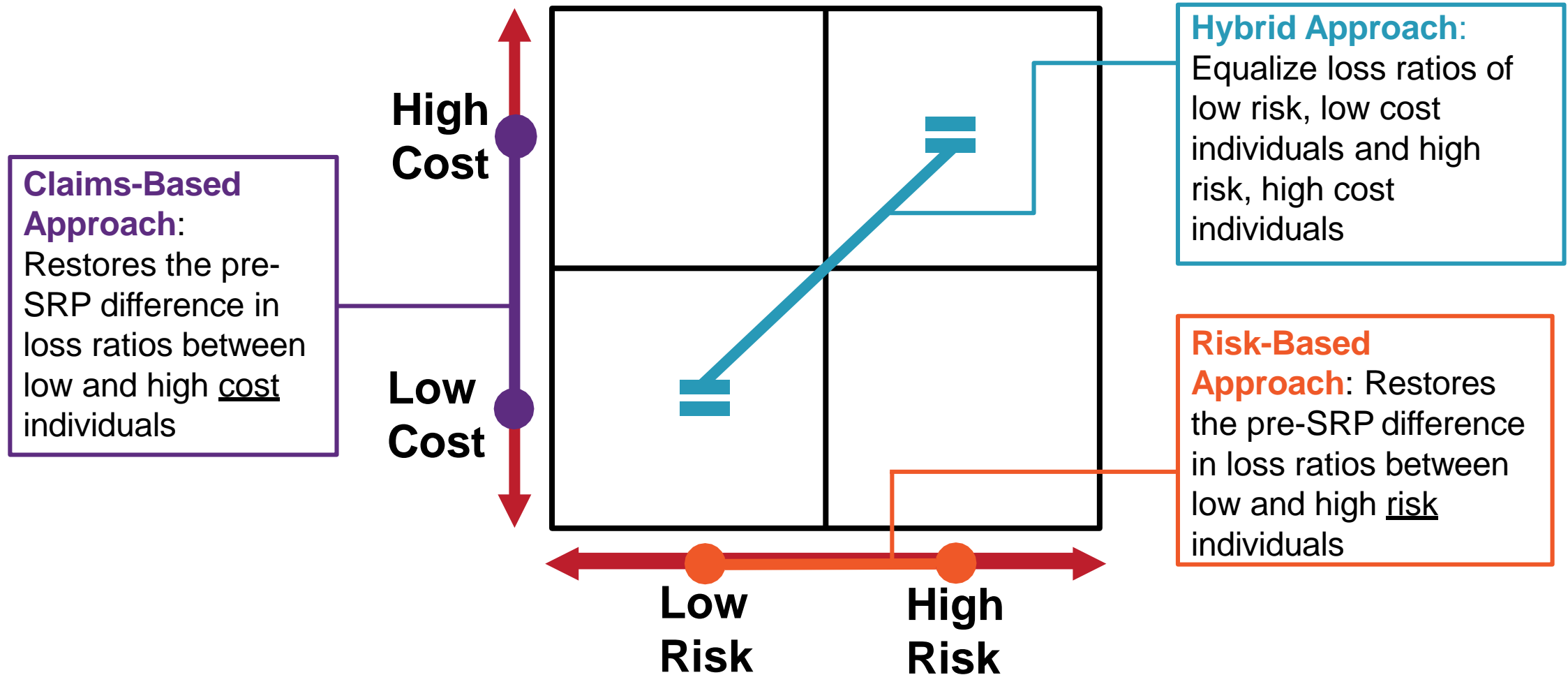
- set estimated state reinsurance program parameters by April 1 of the calendar year proceeding the applicable plan year, and
- finalize parameters by December 31 of the calendar year proceeding the applicable plan year

Parameters	2019	2020	2021 (Estimated)
Attachment Point:	\$20,000	\$20,000	\$20,000
Coinsurance Rate:	80%	80%	80%
Cap:	\$250,000	\$250,000	\$250,000
Dampening Factor	.8	.785	TBD

# Dampening Factor Background

- The federal government operates a risk adjustment program to transfer money from carriers with lower than average risk to carriers with higher than average risk
- September 2019 analysis found that the federal risk adjustment and state reinsurance programs in 2020 would interact, indicating that a dampening factor was appropriate
- The dampening factor has the effect of reducing (dampening) the amount of money transferred by the federal risk adjustment program, so that carriers are not over-compensated for high-risk/high-cost enrollees
- MHBE and MIA have identified three potential approaches to establishing the dampening factor. The MHBE Board annually determines whether a dampening factor is needed the following year; if so, the MIA is responsible for setting the dampening factor.

# Comparison of Dampening Factor Approaches



# Public Comments on 2021 Reinsurance Parameters and Dampening Factor Approach

- Both carriers participating in the SRP submitted comments on the 2021 reinsurance parameters and proposed hybrid dampening factor approach.
  - Both carriers supported maintaining the attachment point, coinsurance rate, and cap used in 2019 and 2020.
  - One carrier preferred the risk-based approach, believing it to be the most effective in accounting for the interaction between the federal risk adjustment program and the SRP. However, the carrier also expressed support for the hybrid dampening approach as an alternative.
  - The second carrier commented that if a dampening factor is going to be applied, they agreed with a hybrid dampening approach that accounts for both risk and claim levels.

# Remaining 2020 Timeline

Timing	Action
June 2020	Finalize 2019 Carrier Accountability Report guidance
Summer 2020	- Update 10-year waiver projections using actual 2019 data - MHBE Board finalizes 2021 SRP parameters and recommendation for dampening factor
Summer/Early Fall 2020	2019 Carrier Accountability Reports due
August/September 2020	MIA approves 2021 rates
September 1, 2020	Report due to the legislature with an update on 2019 SRP payments and an updated forecast of spending and funding needs over the waiver period
September 2020	Issuers receive SRP payments for 2019 claims experience
December 1, 2020	Report due to the legislature on potential implementation and effect of an individual market subsidy program, including potential effect on the SRP

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# Public Comment

# Appendix: Summary Data, 2014-2020

Benefit Year	Participating carriers (#)	QHPs Offered (#)	Enrollment	Subsidized/Unsubsidized (%)	Premium Change (%)	Rate Justification
2014	4	45	81,553	80/20	-	-
2015	5	53	131,974	70/30	10%	Sicker/Older Pool   MHIP Migration   Increased unit cost of care   Increased utilization   Health Insurer Fee
2016	5	53	162,652	70/30	18%	Actual claims experience higher than 2015 rates   Pent-up demand in formerly uninsured entrants   Risk Adjustment payments   Increased cost and utilization trends   Reduction in reinsurance payments
2017	3	23	157,637	78/22	21%	Increased unit cost of care, claims, morbidity of pool   Cessation of the reinsurance program
2018	2	21	153,571	79/21	50%	New members entering risk pool   Current members terminating coverage   Increased churn and trend   Loss of CSR   Individual mandate enforcement not included in rate
2019	2	20	156,963	77/23	-13%	Introduction of the State Reinsurance Program   Medical inflation   Removal of the Individual Mandate
2020	2	23	158,934	76/24	-10%	Ongoing effectiveness of reinsurance program   Trend

Sources: MHBE Annual Reports, MHBE Plan Management, MIA Rate Decisions, Carrier Rate Justifications

Data as of the end of open enrollment preceding each benefit year