

MHBE Standing Advisory Committee Meeting

October 8, 2020

Agenda

Welcome and Executive Update

Vote on Chair of the Work Group

2020 Strategic Messaging Survey/OE8 Outreach and Marketing Plan

Approved Plans and Rates

Lewis and Ellis Individual Subsidy Report and Discussion

Public Comment

Adjournment

MHC 2020 Strategic Messaging Survey of MHC-Eligible Maryland General Public

REPORT

Methods and Statistical Analysis

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

- First level of reporting is based on insurance status. For additional power in reporting and understanding of MHC customers, these groups are combined based on insurance status and type into primary and secondary MHC customer bases.
 - **MHC Primary Customer Base:** these customers consist of Maryland residents with household incomes under \$100,000 and are currently uninsured, have insurance but were uninsured in the past 2 years, or currently have MHC insurance. They are the main group MHC could focus their marketing and awareness on or have successfully enrolled through MHC.
 - **MHC Secondary Customer Base:** these customers consist of Maryland residents with household incomes under \$100,000 and are currently insured with any non-MHC insurance and have not been uninsured in the past 2 years. This group is a lower priority of potential customers, based on their current health insurance needs and history, but due to the shifting economic situation associated with COVID-19 and other personal factors, these residents may one day need to use MHC.
- Second level of reporting is by participant race/ethnicity or other demographic characteristics to understand minority communities and other key MHC customers.

Margins of Error of Major Analysis Groups

	Sample size (N)	Margin of error (% pts)
Total	1,146	±2.9% pts.
<i>Customer Base Groups</i>		
Primary MHC Customer Base	547	±4.2
Secondary MHC Customer Base	599	±4.0
<i>Insurance Status</i>		
Uninsured	154	±7.9
Recently uninsured	301	±5.6
Long-term insured (at least 2 yrs)	691	±3.7
<i>Race/Ethnicity</i>		
African Americans, non-Hispanic	420	±4.8
Hispanics	173	±7.5
White, non-Hispanic	413	±4.8
Other; Multi-Racial	97	±10.0
Source: 2020 MHC Strategic Messaging Survey, July 21 – Aug 11, 2020.		



Life, Health, and Finances During COVID-19

Financial and Health Impact of COVID-19

A majority (63%) of MHC-eligible Marylanders say that the COVID-19 outbreak has affected their family's financial situation a great deal (30%) or fair amount (33%).

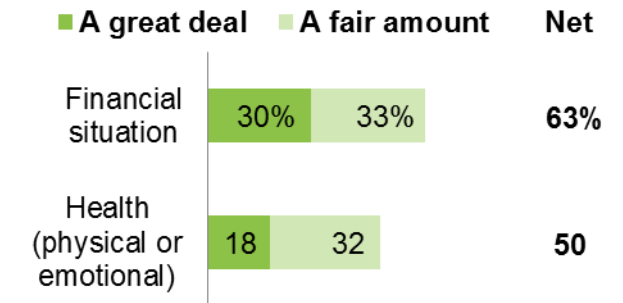
- Among MHC's primary customer base, 72% are financially impacted a great deal or fair amount, while 54% of the MHC secondary customer base express this level of hardship – a difference of 18% points.

The financial impact of COVID-19 is felt in the form of continued work but with reduced hours and income (39%) and job loss (23%). Therefore, households must delay financial goals (36%), miss bill payments (26%) and sometimes lose health insurance coverage (6%).

- Other financial impacts include increased household expenses (e.g., food and childcare), inability to find new jobs, eviction, and bankruptcy. Some are working more hours with hazard pay but note the stress this causes.

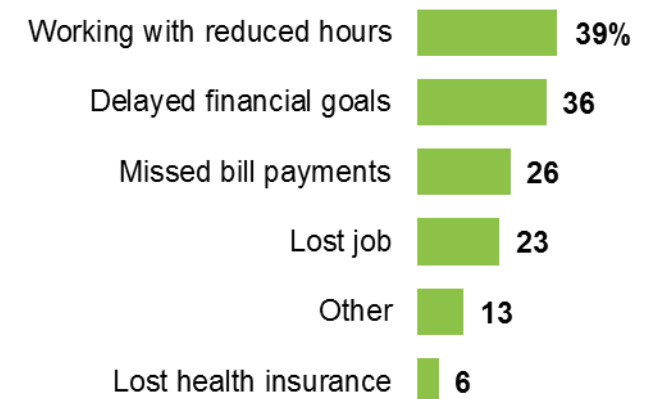
When it comes to their health and well-being, half (50%) say that COVID-19 has affected their family's physical or emotional health a great deal or fair amount. That includes, 59% of the MHC primary consumer segment and just under half (44%) of the secondary MHC customer base.

Degree COVID-19 affected finances and health



Source: Q17 & Q19. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020.
 Note: Percentages read across and may not sum due to rounding. N= 1,146.

Financial effect on families



Source: Q17a. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. Note: Percentages are from a select all that apply list and do not add to 100%. N= 989.

Difficulty Affording Personal Expenses

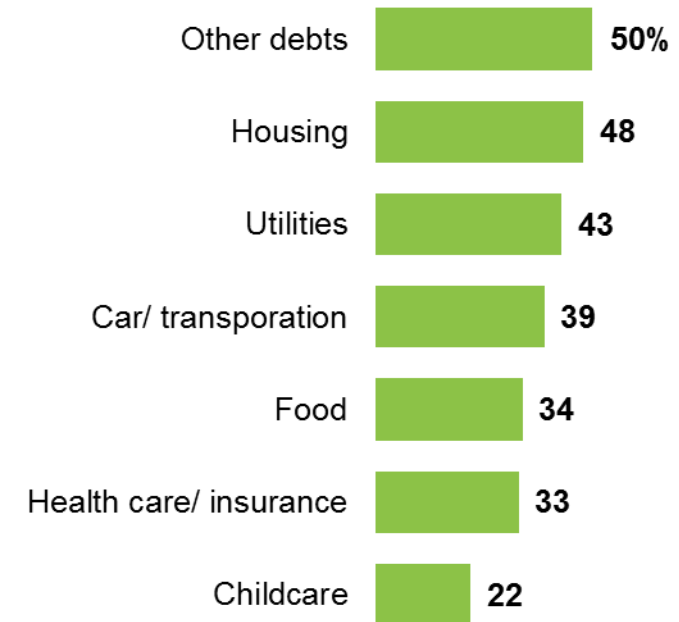
About half of MHC-eligible residents register difficulty with affording household expenses such as rent or mortgage (48%) and paying debts like credit cards or loans (50%). As many as one third (34%) say that it is currently very difficult (7%) or difficult (27%) to afford food.

Only three in ten (31%) have no difficulty affording these common household expenses.

- There is a consistent pattern in the number of Marylanders with difficulty affording each additional item of these seven expenses. One-third (33%) of Marylanders have difficulty affording one to three of these items. The remaining 35% having difficulty affording four or more expenses, including 15% who have difficulty with six or seven of these expenses.

Expenses rated 'difficult' to afford

How easy or difficult is it to afford each of the following?



Source: Q19. 2020 MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. Note: Percentages are from a select all that apply list and do not add to 100%. N=1,146.

Difficulty Affording Health Care Costs

Health care and health insurance are also financial stressors. One third (33%) say it is currently difficult to afford health care/health insurance, including 13% who say it is very difficult to afford these costs.

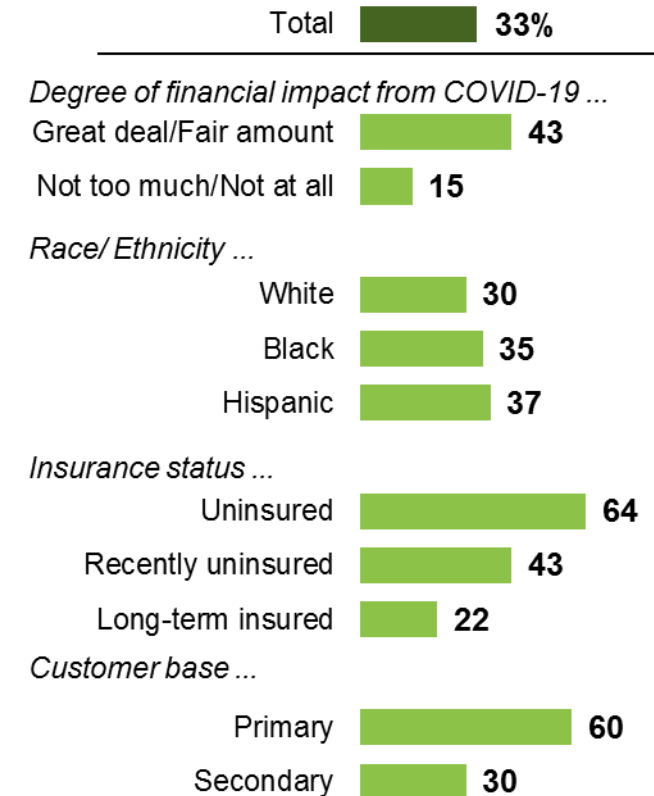
- For context, a year ago, the Kaiser Family Foundation (May, 2019) found that a comparable share nationally reported some or great difficulty affording health insurance (28%).

Difficulty with this expense is mostly found among those who have felt a greater financial impact from COVID-19 than those who have felt little or no impact (43% vs. 15%, respectively).

The primary customer base does have more difficulty, especially among the uninsured (64%); however, a sizable minority of those with insurance have difficulty (43% recently uninsured vs. 22% of the long-time insured).

This difficulty is felt across race/ethnicity cohorts. Only slightly more African Americans (35%) and Hispanics (37%) are having difficulty affording health care costs compared to whites (30%).

Difficulty affording health care/ health insurance



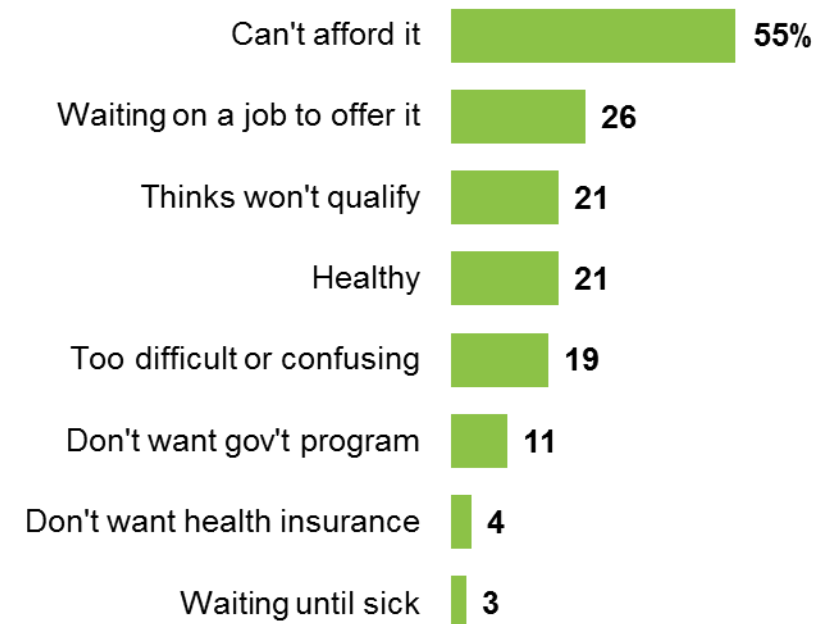
Reasons MHC-Eligible Marylanders Go Uninsured

Specifically among Maryland’s currently uninsured, the reasons for lacking insurance center on inability to afford it (55%), waiting to get jobs that offer health insurance (26%), and those not believing they can qualify for affordable health insurance (24%).

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

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

Identify the reasons you are currently uninsured



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

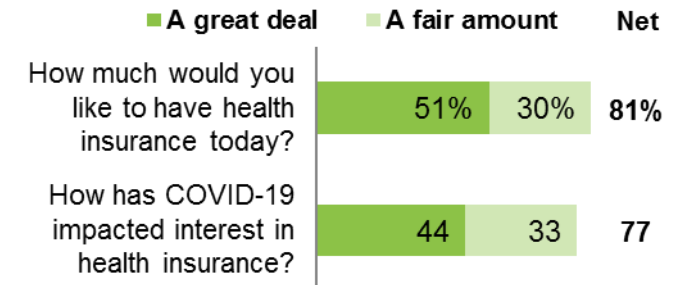
Desire for Health Insurance

Against this backdrop, fully 81% of the uninsured say that they would like to have health insurance today “a great deal” (51%) or “fair amount” (30%).

Moreover, COVID-19 is a driver for many to seek coverage. About six-in-ten (59%) say that from what they are seeing and hearing about COVID-19 they are now more likely to want health insurance. For three-in-ten (32%) COVID-19 has not impacted their appetite for insurance, while just 9% say they are less likely to want it following the coronavirus outbreak.

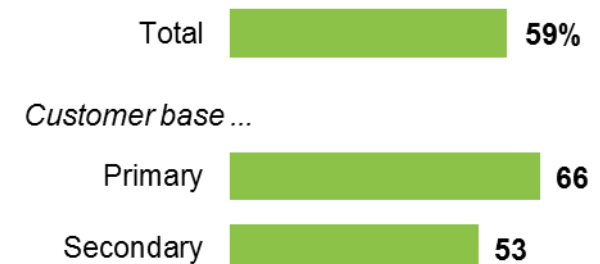
- Among the primary customer base for MHC, a sizeable majority (66%) say that they are more likely to want health insurance because of the COVID-19 outbreak, compared with half (53%) of the secondary MHC customer base.
- African Americans are most likely to want health insurance coverage compared to all other race/ethnicity cohorts (66% vs 56%, respectively).
- Those more likely to desire health insurance because of COVID-19 varies modestly across regions of Maryland: slightly higher than average in the Capital region (63%) and lowest in the Western (54%) and Upper Eastern Shore regions (51%).

Currently uninsured Marylander’s interest in health insurance



Source: Q32 & Q33. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. N= 1,146. Note: Percentages read across.

Those more likely to want health insurance because of COVID-19



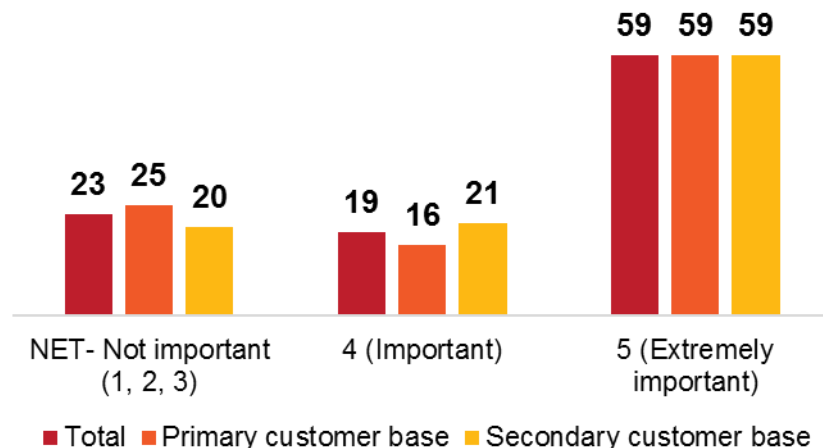
Source: Q36. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. N= 1,146.



Experience with Health Care and/or Insurance: Motivations and Obstacles

Importance of Cost and Coverage of Health Plan

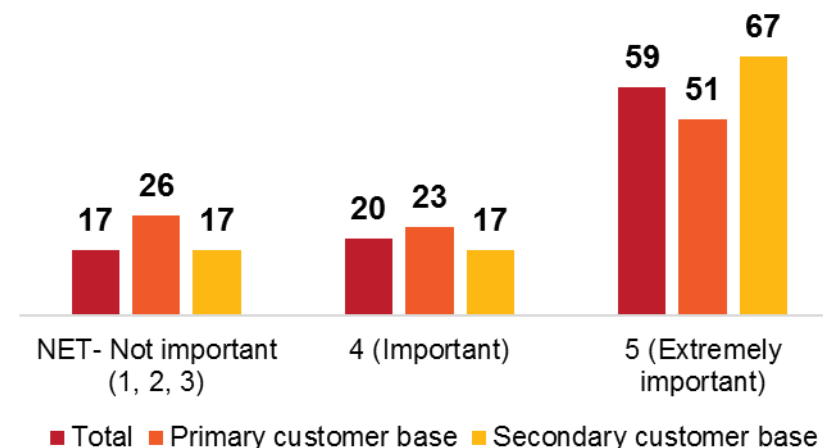
Importance of cost of health insurance plan



Source: Q41. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. Note: Percentages read across by group and may not add to 100% because of rounding. N=1,146.

As evidenced elsewhere in the poll, cost is a very important factor in decision making about health insurance. A majority (59%) of the MHC-eligible say that the cost of a health insurance plan is extremely important, including equal shares of the primary MHC customer base and secondary customer base (59% each).

Importance of coverage of health insurance plan



Source: Q42. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. Note: Percentages read across by group and may not add to 100% because of rounding. N=1,146.

On level of coverage, similarly 59% of the MHC-eligible say that this is extremely important when they are considering a health insurance plan. Here though, there is a gap between the primary and secondary customer segments: 51% say coverage level is extremely important among the primary market group, while more say this among the secondary customer base (67%).

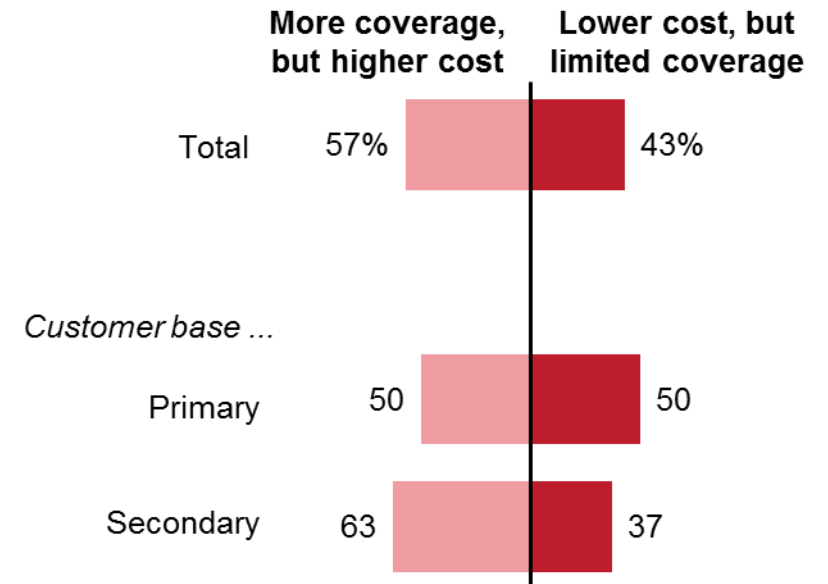
Cost vs. Coverage

When asked to weigh the cost of a health care plan with coverage of a plan, more say that they prefer a health plan where the cost may be higher than other plans, but the overall level of coverage is higher, than say they prefer a plan where the overall level of coverage is limited, but the cost is lower than other plans (57% vs. 43%).

- For the secondary customer base, these views are comparable to the total MHC-eligible, where a majority of the secondary market express a preference for higher cost plans that include higher levels of coverage (63%).
- However, among the primary MHC customer base views are evenly split: 50% prefer a plan with higher costs, but include higher levels of coverage, while 50% prefer plans with limited coverage but lower costs compared with other options.
- This is in line with more of those in the secondary customer base saying the coverage of a plan is “extremely important” than those in the primary base by 16% points (67% vs 51%).

Balance of cost and coverage in ideal health insurance plan

% whose ideal health insurance plan has ...



Source: Q43. MHC Strategic Messaging Survey, July 21 – Aug 11, 2020. Note: Percentages read across and may not add to 100% because of rounding. N= 1,146.

OE8 Marketing & Outreach Campaign Plan

CAMPAIGN FOUNDATION



Objectives

- Increase enrollment in Qualified Health Plans – particularly among Black, Hispanic/Latino, and young adult Marylanders
- Retain new customers recently enrolled during the COVID-19 and Easy Enrollment special enrollment periods
- Recommit efforts to address racial disparities in health care through messaging, partnerships, and outreach efforts.

Target audiences

Priority Audiences

- QHP-eligible uninsured (138-399% FPL)

Young adults

Black Marylanders

Hispanic/Latino Marylanders

Rural regions with high uninsured rates

Secondary Audience

- Medicaid-eligible uninsured



What's new in 2020

- **Health is top of mind:** COVID-19 has further elevated health care. We must convey that Maryland Health Connection is a solution to health *and* economic concerns. This includes engaging Marylanders who may have lost their jobs and/or employer-sponsored coverage.
- **New opportunities to enroll:** With the extended Coronavirus SEP, Marylanders have more opportunities than ever to enroll. We can leverage this with select advertising and partnership opportunities, while continuing to focus our efforts on OE8.
- **Shift towards a virtual world:** The in-person events and in-person assistance we leveraged to raise awareness and enroll Marylanders are no longer an option. We must think creatively to reach Marylanders in an increasingly virtual world.
- **Commitment to addressing racial disparities in health care:** COVID-19 has also exposed long-standing racial disparities in health care. As a state agency and nationally leading SBM, we must reaffirm our commitment to addressing these disparities and ensuring equitable access to health coverage in Maryland.

Messaging

Financial help remains the most motivating message

Lower rates (*to be confirmed September 2020*)

9 out of 10 who enrolled through MHC got savings

We must dial-up the benefits; particularly those most relevant to 2020 environment

COVID-19 testing and treatment

Mental health care

Doctor visits, hospitalizations, prescriptions and more

We can drive immediate enrollment

Enroll TODAY

CREATIVE CONTENT



Initial Assets



Advertising Key Assets

- :30 TV spots
- :10/:15 video for OOH
- Streaming radio
- Print insertions
- Social media ads

Explore new mediums to reach target audiences



Social Media Key Assets

- Three monthly graphics
- Partner toolkit content

Position MHC as a go-to health resource by weaving in public health messaging



Collateral Key Assets

- Social distancing floor decals
- Annual report

Interject MHC into current environment and meet new needs

MEDIA PLANNING AND BUYING



Budget & Audiences

Goals: Increase awareness of Maryland Health Connection and enrollment in Qualified Health Plans (QHP) among remaining eligible populations

Target Audience: Uninsured Marylanders, with emphasis on:

QHP-eligible, 138%-400% FPL
Young Adults (18-34)
Hispanic/Latino Marylanders
Black Marylanders

Timing: Tuesday, Sept. 8–Tuesday, Dec. 31*, 2020

**Select OOH ads will run 12/16-31 to meet minimum flight requirements; we can swap messaging.*

Budget: \$1.625 million for OE8 (\$15k spent on July SEP; \$65k allocated to 2020 SEPs)



Wal-Mart Health Kiosks

Paid Media Plan

TYPE	MARKET	6-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec
TV	Baltimore					X	X			X	X
	Salisbury					X	X			X	X
	DC Cable					X	X			X	X
	VOD/MD Public TV/Univision/Telemundo		X	X	X	X	X	X	X	X	X
RADIO	Baltimore General					X	X			X	X
	Baltimore AA					X	X			X	X
	Salisbury General					X	X			X	X
	Salisbury AA					X	X			X	X
	Rural / Statewide Network		X	X	X	X	X	X	X	X	X
	DC General					X	X			X	X
	DC AA					X	X			X	X
DC/Baltimore Hispanic				X	X	X			X	X	
PRINT	African American/Hispanic					X				X	
Out Of Home	Gas Station TV		X	X	X	X	X	X	X	X	X
	Billboards			X	X	X	X	X	X	X	X
	Local Independent Pharmacies	X	X	X	X	X	X	X	X	X	X
	Bodegas/Liquor Store/C-Store		X	X	X	X	X	X	X	X	X
	Walmart Pharmacy Kiosk	X	X	X	X	X	X	X	X	X	X
DIGITAL	Awareness	X	X	X	X						
	Conversion				X	X	X	X	X	X	X

What's New

- We're adding top performing vendors targeting African-American and Hispanic audiences (**Blavity, Urban One, Sabio, Prisa, and Adsmovil**) to reach target populations effectively.
- In addition to Univision, **Telemundo** broadcast will be added to Spanish language TV buy.
- We're adding new OOH opportunities at essential activity locations, including short videos that play at the counter of **bodegas, convenience stores, and minimarts**, as well as short videos that will play on **pharmacy screens** in both local neighborhood pharmacies and **health kiosks in Wal-Mart** pharmacies.
- To reach young adults, we're adding **Twitch** – video game tutorial website.



Thank you!

Contact: Betsy Plunkett
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Betsy.Plunkett@maryland.gov



@MarylandConnect

A large, stylized graphic of a leaf or petal shape, rendered in a lighter shade of yellow than the background, is positioned on the left side of the slide. The text is centered horizontally and vertically over the slide.

Potential Federal Impacts on the ACA

Upcoming Challenges to the ACA

- U.S. Supreme Court case *California v. Texas*
 - The Maryland General Assembly codified tenets of the ACA into State statute
 - However, if the ACA was struck down, and tax credits eliminated, we anticipate that many Marylanders would not be able to afford to pay their premiums and would opt out of health insurance
 - Likewise, Medicaid expansion funding would be jeopardized

HEROES Act

- Legislation drops earlier funding for COBRA for unemployed workers and instead makes everyone on UC in 2020 and 2021 eligible for premium tax credits as if their income was 133% FPL
- Caps repayment of APTC for 2020 and 2021 up to 600% FPL rather than up to 400% FPL
 - Also does not require anyone under 500% FPL to pay back any APTC
 - Provides \$100M/year for three years in grants to states for outreach, and the same amount in Navigator funding.
- Would require covering COVID testing regardless of reason

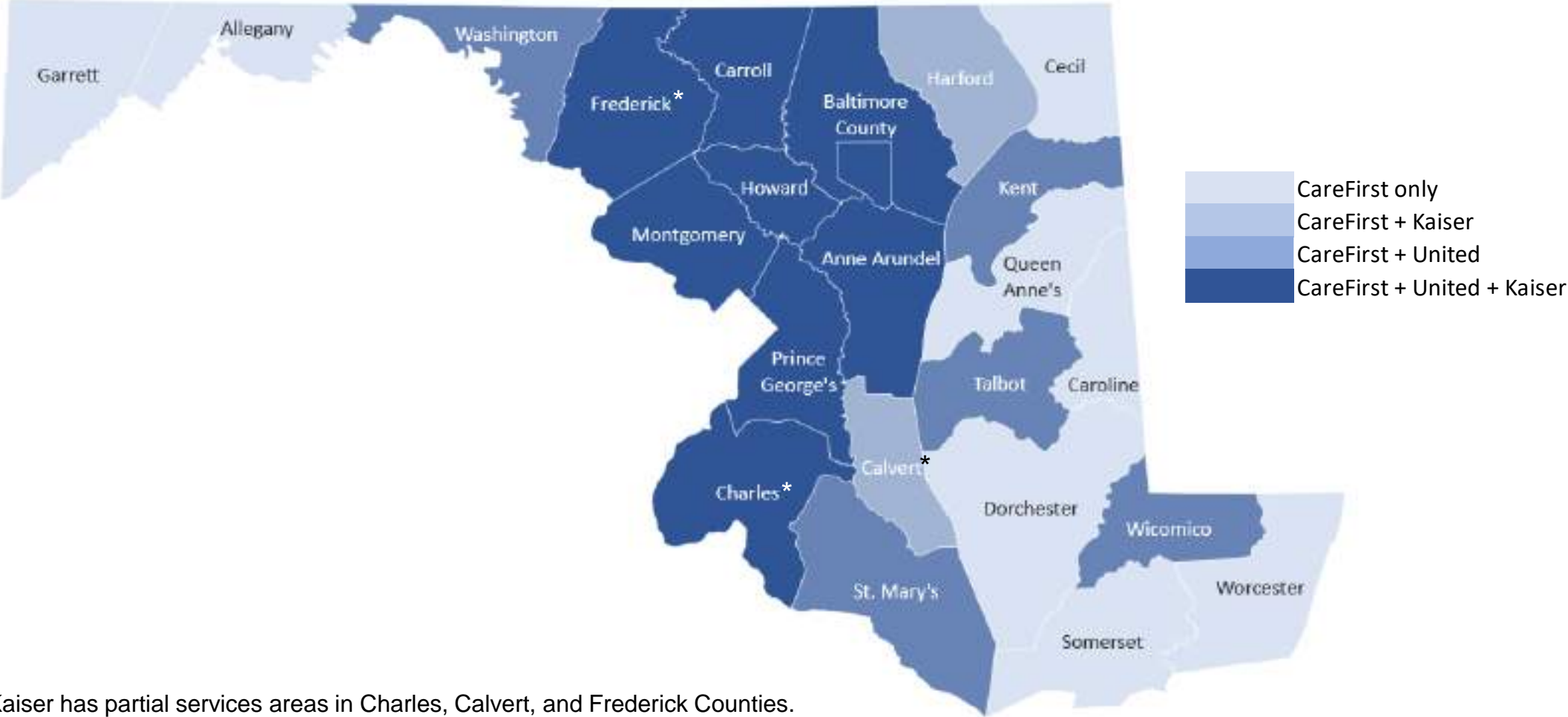
2021 Approved Plans and Rates

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE



2021 QHP Landscape

2021 Carrier Service Areas



Number of 2021 QHPs by Metal Level

Increased consumer choice: 10 more QHPs available than in 2020

- Kaiser Permanente will offer 1 additional bronze plan
- United will offer a total of 9 plans across the bronze, silver, and gold metal levels.

	Metal Level	2019	2020	2021
Cat.	CareFirst - HMO	1	1	1
	CareFirst - PPO	--	--	--
	Kaiser Permanente	1	1	1
	United	--	--	--
Bronze	CareFirst - HMO	1	3	3
	CareFirst - PPO	1	1	1
	Kaiser Permanente	2	2	3
	United	--	--	2
Silver	CareFirst - HMO	1	1	1
	CareFirst - PPO	1	1	1
	Kaiser Permanente	3	3	3
	United	--	--	4
Gold	CareFirst - HMO	1	2	2
	CareFirst - PPO	1	1	1
	Kaiser Permanente	3	3	3
	United	--	--	3
Platinum	CareFirst - HMO	--	--	--
	CareFirst - PPO	--	--	--
	Kaiser Permanente	1	1	1
	United	--	--	--

2021 Qualified Health Plan Landscape

- Deductibles generally held steady in silver and gold plans, while increasing in bronze plans
- Actuarial value generally held steady in silver and gold plans, while increasing in bronze plans

Metal Level and Carrier	Deductible			Actuarial Value			% Rate Change
	2019	2020	2021	2019	2020	2021	2020 - 2021
Bronze							
CareFirst - HMO	\$7,900	\$4,000 - \$7,900	\$6,000 - \$8,250	58.5%	59.9% - 64.9%	61.9% - 65%	-15.8% to -16.7%
CareFirst - PPO	\$7,900	\$7,900	\$8,250	58.5%	59.9%	61.90%	-18.80%
Kaiser Permanente	\$6,000 - \$6,200	\$6,000 - \$6,200	\$6,000 - \$7,500	61% - 61.8%	62.1% - 63.1%	61.5% - 64.8%	-11.5% to -15.6%
United	--	--	\$5,900 - \$7,500	--	--	64.3% - 64.9%	n/a
Silver							
CareFirst - HMO	\$3,000	\$2,250	\$2,250	66.3%	71.8%	71.9%	-7.5%
CareFirst - PPO	\$3,000	\$3,000	\$6,650	66.3%	67.6%	67.9%	-16.3%
Kaiser Permanente	\$2,500 - \$6,000	\$2,500 - \$6,000	\$2,500 - \$6,000	67.5% - 71.8%	68.2% - 71.9%	68.0% - 71.5%	-9.6% to -14.5%
United	--	--	\$2,500 - \$6,000	--	--	67.8% - 71.9%	n/a
Gold							
CareFirst - HMO	\$1,750	\$1,000 - \$1,750	\$1,000 - \$1,750	77.9%	78.9% - 79%	80.8% - 80.9%	-12% to -12.3%
CareFirst - PPO	\$1,750	\$1,750	\$1,750	77.9%	79%	80.8%	-16.8%
Kaiser Permanente	\$0 - \$1,500	\$0 - \$1,500	\$0 - \$1,750	77.2% - 81.4%	77.6% - 81.4%	77.6% - 81.3%	-9.8% to -11.4%
United	--	--	\$1,000 - \$3,000	--	--	76.1% - 79.3%	n/a



Final 2021 Rates

Individual Market Rate Change Overview, 2021

		Actual		Approved	Approved	Filed by	MIA
		Members		2019	2020	Carrier	Approved
		On & Off	06/30/20	Average	Average	Average	Average
Legal	Coverage	Exchange	Market	Rate	Rate	Rate	Rate
Entity	Type	06/30/20	Share	Increase*	Increase*	Increase	Increase*
CareFirst BlueChoice, Inc.	HMO	135,515	63.7%	-17.0%	-14.7%	-1.1%	-11.9%
CF GHMSI	PPO	4,415	2.1%	-11.1%	-1.4%	-12.0%	-17.1%
CF CFMI	PPO	7,521	3.5%	-11.1%	-1.4%	-12.0%	-17.1%
Optimum Choice	HMO	0	0.0%	N/A	N/A		
Kaiser	HMO	65,132	30.6%	-7.4%	-5.0%	-11.0%	-11.0%
TOTAL		212,583	100.0%	-13.2%	-10.3%	-4.8%	-11.9%

	Family of 4	Annual Premium*	%	vs. 2020	Family of 4 MD Median Household	Health Insurance Premium % of Income	Family of 4 U.S. Median Household
			Δ	Δ			
2018	\$18,834				\$128,611	14.6%	\$95,694
2019	\$16,348	-13.2%	(\$2,486)		\$129,384	12.6%	\$95,896
2020 Approved	\$14,664	-10.3%	(\$1,684)		\$130,161	11.3%	\$96,097
2021 - Filed 05/01/20	\$13,960	-4.8%	(\$704)		\$130,943	10.7%	\$96,299
2021 - Approved 09/15/20	\$12,919	-11.9%	(\$1,745)	(\$1,041)	\$130,943	9.9%	\$96,299

* Silver, Off-Exchange, Age 40, Baltimore

SOURCES:

<https://www.deptofnumbers.com/income/maryland/>

<https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html>, Table H-11

<https://www.census.gov/quickfacts/fact/table/MD/BZA110218>

Source: MIA presentation to MHBE Board, Sept. 2020



Small Group Market Rate Change Overview, 2021

									MIA Approved 1Q21 Illustrative** Average Monthly Premium
		Actual Members On & Off Exchange	06/30/20 Market Share	Approved 2019 Average Rate Increase*	Approved 2020 Average Rate Increase*	Filed 05/01/20 2021 Average Rate Increase	MIA Approved 2021 Average Rate Increase		
Legal Entity	Coverage Type	06/30/20							
CareFirst BlueChoice, Inc.	HMO	169,820	65%	5.0%	0.5%	6.0%	3.1%		\$345
CF GHMSI	PPO	13,949	5%	-0.7%	7.4%	1.8%	2.0%		\$468
CF CFMI	PPO	7,347	3%	-0.7%	7.4%	1.9%	2.0%		\$468
Kaiser	HMO	10,755	4%	3.2%	10.2%	-5.0%	-5.0%		\$281
Aetna Health, Inc.	HMO	83	0%	3.4%	1.0%	-7.7%	-16.8%		\$374
Aetna Life Insurance Co.	PPO	482	0%	3.0%	1.2%	-9.0%	-14.6%		\$409
United Healthcare of the Mid-Atlantic	HMO	4,745	2%	6.3%	0.0%	8.3%	3.5%		\$276
United Healthcare (Optimum Choice)	HMO	14,548	6%	6.4%	9.4%	3.0%	-2.7%		\$293
United Healthcare (MAMSI)	EPO	19,546	7%	5.6%	8.3%	4.7%	1.0%		\$337
United Healthcare Insurance Co.	PPO	21,748	8%	10.6%	5.4%	9.8%	4.5%		\$356
TOTAL		263,023	100%	5.0%	2.9%	5.2%	2.3%		\$349

	Group of 7 Annual Premium*	% Δ	vs. 2020 Δ	Δ
2020 Approved	\$66,347			
2021 - Filed 05/01/20	\$69,797	5.2%	\$3,450	
2021 - Approved 09/15/20	\$67,873	2.3%	\$1,526	(\$1,924)

Source: MIA presentation to MHBE Board, Sept. 2020

Individual Market Rate Changes by Metal Level & Carrier, 2021

- Average 2021 premiums are down 11.9% from 2020 and 31.4% from 2018.
- Premium decreases are the greatest for Bronze plans
- Premium decreases are about 10% or more for most plans

Metal Level	CF HMO	CF PPO	KP
Bronze	-15.8% to -20%	-18.80%	-11.5% to -15.6%
Silver	-7.5%	-16.3%	-9.6% to -14.5%
Gold	-12% to -12.3%	-16.8%	-9.8% to -11.4%
Platinum	-	-	-11.20%

Lowest Cost Rates by Metal Level

- United's premiums are fairly consistent with those of Kaiser and CareFirst BlueChoice

Lowest Cost Rates by Metal Level, 40-year-old

								Catastrophic/ Young Adult (Age 21)
		<u>Bronze</u>	<u>Silver On-Exchange</u>	<u>Silver Off-Exchange</u>	<u>Gold</u>	<u>Platinum</u>		
Kaiser	HMO	\$252	\$339	\$294	\$332	\$397		\$142
CareFirst	HMO	\$222	\$371	\$313	\$328	N/A		\$106
UnitedHealthcare	HMO	\$241	\$344	\$344	\$326	N/A		N/A
CareFirst	PPO	\$444	\$571	\$511	\$542	N/A		N/A

Example of APTC Change in Counties Going from 1 to 2 Carriers

(Kent, St. Mary's, Talbot, Wicomico)				
Calculation of Subsidy Amount:				
		<u>2020</u>	<u>2021</u>	<u>% Change</u>
	Income	\$18,735	\$19,140	2.2%
	% FPL	150.0%	150.0%	
	Expected Contribution %	4.1%	4.1%	
	Expected Monthly Contribution	\$64	\$66	2.7%
	Second Lowest Cost Silver	<u>BluePreferred \$1,750</u>	<u>UHC Balance Free PCP</u>	Δ
	Unsubsidized Premium	\$651	\$356	-45.4%
	less Expected Monthly Contr.	(\$64)	(\$66)	2.7%
	Equals Subsidy Amount	\$587	\$290	-50.6%
			(\$297)	decrease
Sample Post-APTC Premiums:				
Scenario 3)	Currently in BlueChoice \$1,750 Gold			
13% of APTC Enrollment				
		<u>BlueChoice \$1,750</u>	<u>BlueChoice \$1,750</u>	Δ
	Unsubsidized Premium	\$373	\$323	-13.3%
	less Subsidy Amount	(\$587)	(\$290)	-50.6%
	Equals Post-APTC Premium	\$0	\$33	#DIV/0!

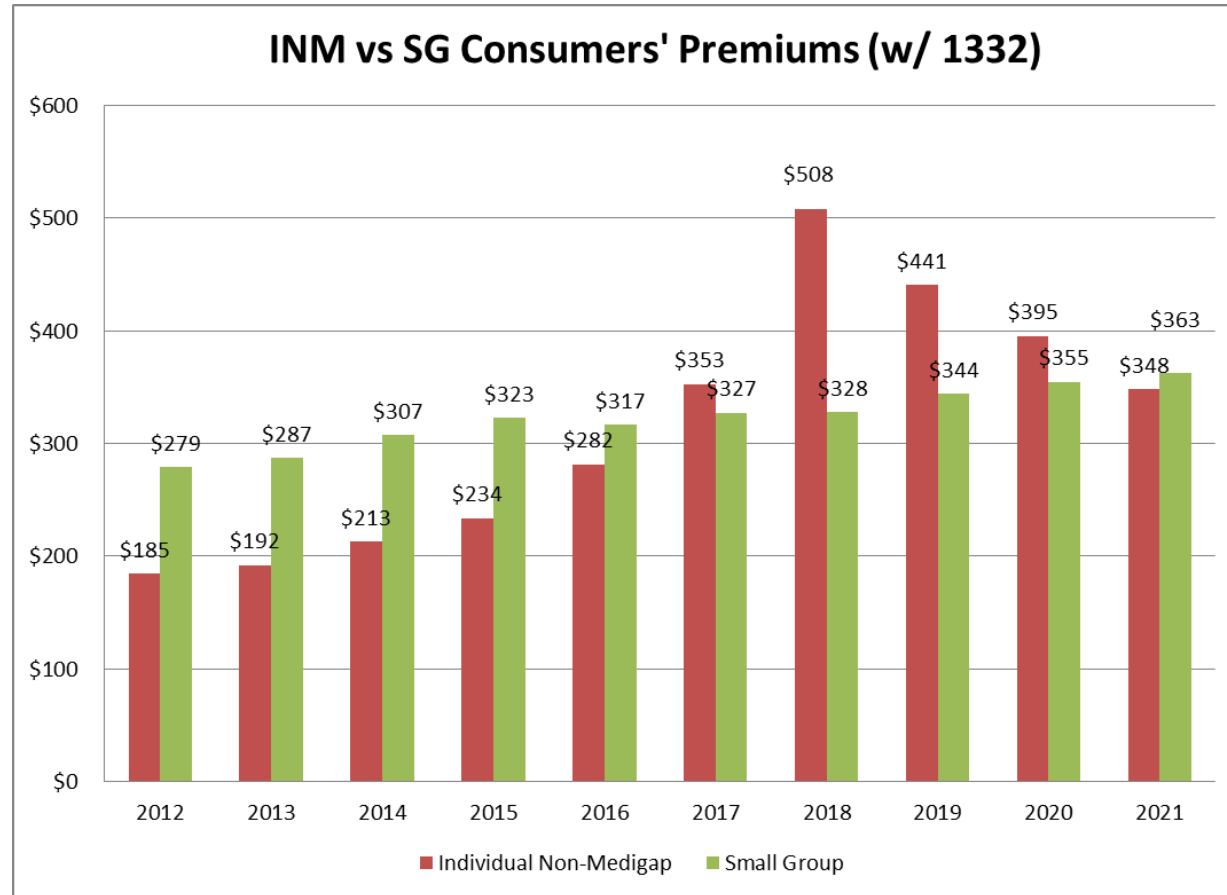
Counties that previously only had CareFirst, gained UHC:

- Kent, St. Mary's Talbot, Wicomico, and zip codes in Charles outside of Kaiser's service area: 7,867 APTC enrollees
- Washington, zip codes in Frederick outside of Kaiser's services area: 7,083 APTC enrollees

Enrollment data as of August 2020

Source: MIA presentation to MHBE Board, Sept. 2020

Example of APTC Change in Counties Going from 1 to 2 Carriers



2021 Individual Average Deductible = \$3,779.

2021 Small Group Average Deductible = \$1,913.

Source: MIA presentation to MHBE Board, Sept. 2020

The background is a solid teal color. In the center, there is a stylized graphic of a flower or a four-petaled star. Each petal is a light blue color and overlaps the center. The text is centered over this graphic.

Lewis & Ellis Analysis of Individual Subsidies

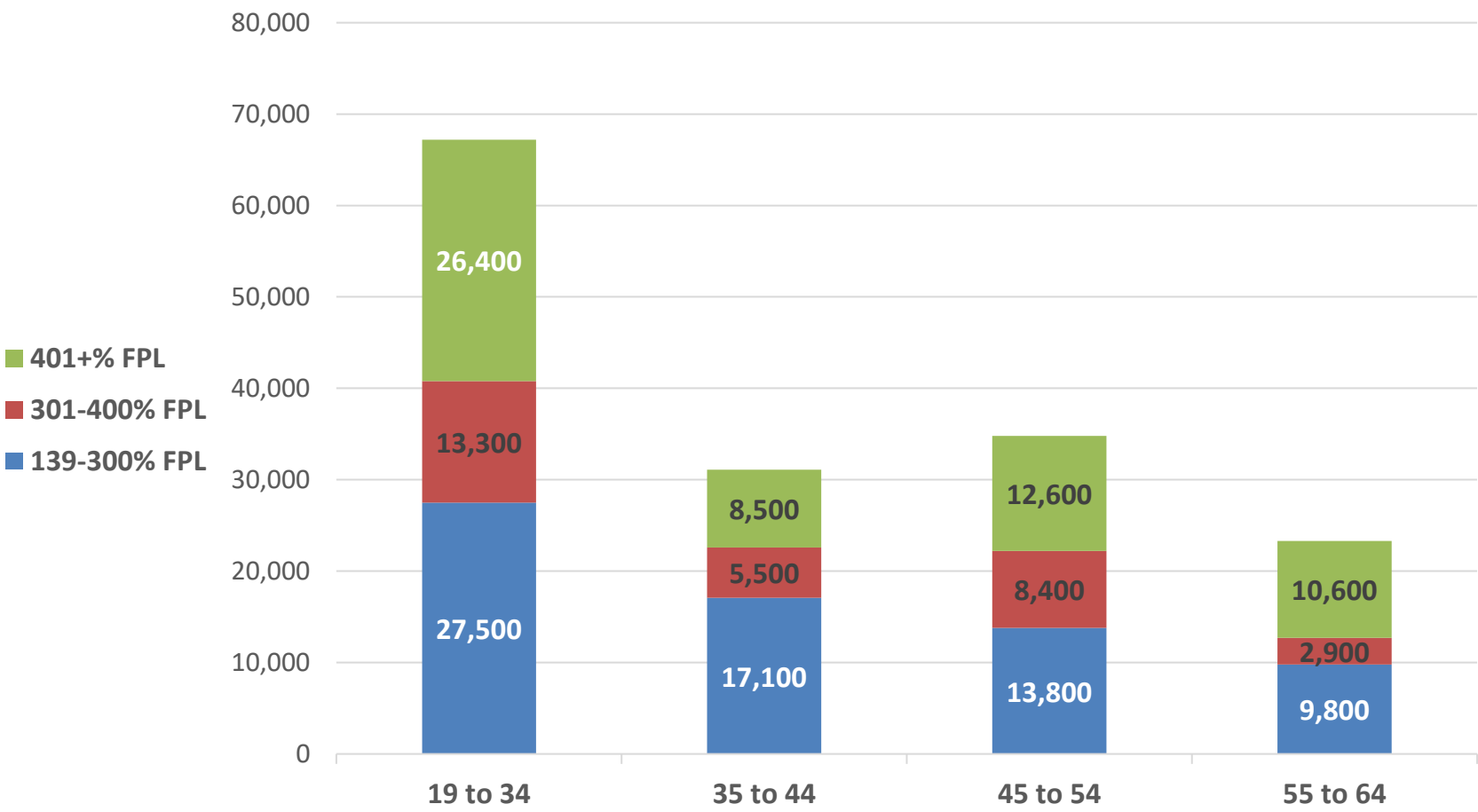
Individual Subsidies Report to the Legislature

- Pursuant to Insurance Article, § 6-102.2, Annotated Code of Maryland, on or before December 1, 2020, MHBE shall report to Senate Finance and the House HGO Committee on the following, as well as other additional information:
 - The population that would be the intended target of the State–based individual market health insurance subsidies, and the impact the subsidies would have on the individual market
 - The impact additional subsidies will have on federal subsidies and whether the State will need to amend its current State Innovation Waiver under § 1332 of the Affordable Care Act or request an additional waiver.
- The Individual Subsidy Work Group was formed to help inform the development of the report.
- Lewis and Ellis has also provided modeling on possible subsidy scenarios. The report has been posted to MHBE’s Public Comment webpage at: <https://www.marylandhbe.com/policy-legislation/public-comment/>

Lewis and Ellis Report

- L&E modeled subsidy designs focused on two populations to potentially maximize participation in Maryland's individual market and to increase affordability for all participants
 - Young adults
 - Adults with incomes above the ACA's 400% FPL cutoff to qualify for subsidies
- Both groups were borne from recommendations from the 2019 Affordability Work Group

Distribution of uninsured, Maryland adults with incomes too high for expanded Medicaid coverage, limited to citizens and lawfully present non-citizens, by age and income as a percentage of FPL: 2018



Source: Analysis by NCCI of 2018 data from the American Community Survey. PUMS USA, University of Minnesota, www.ipums.org. Note: ACS data do not include immigration status. These estimates impute immigration status based very generally on previous Urban Institute results.



Age Rating & APTC Background

Age Rating

- The ACA created a 3:1 age curve, where older adults pay at most three times the rate of Young Adults
- Due to this curve, Young Adults tend to subsidize older adults since the actual claim cost between these groups is more than 3:1

APTC Calculation

1. Determine FPL (function of household income and household size)
2. Determine percentage of income individual is required to contribute towards premium (“applicable percentage”)
3. Determine the Second Lowest Cost Silver Plan available to the individual.
4. Subtract required contribution from SLCSP to calculate APTC amount, which may be applied to any plan.

Young Adult Subsidy Background

- Providing an additional subsidy to Young Adults would result in a net premium that better reflects the underlying actuarial risk of the cohort
- To be eligible for the Young Adult Subsidy, an individual would need to be between the ages for 18 and 34 (with one exception), with an income below 400% of the FPL
- There are four different proposed structures which would reduce the premium paid by Young Adults depending on their income:
 - Young Adult Subsidy 1: **Age Adjustment Subsidy Enhancement (AASE)**
 - Young Adult Subsidy 2: **Advancing Youth Enrollment Act (AYEA)**
 - Young Adult Subsidy 3: **Age Adjustment Subsidy Enhancement Cliff-less to 34 (AASE 34)**
 - Young Adult Subsidy 4: **Age Adjustment Subsidy Enhancement Cliff-less to 47 (AASE 47)**

Young Adult Subsidy Background

1. Age Adjustment Subsidy Enhancement (AASE)

- The applicable percentage is multiplied by the individual's age rate divided by 3, in effect yielding a 6:1 age curve for young adults 18-34
- Effect: applicable percentage would phase from 33% up to 40% of current amount
- Sharp increase in premium from age 34 to 35

$$ACA AP \times \left(\frac{Age Rate}{3} \right) = New YA AP$$

2. Advancing Youth Enrollment Act (AYEA)

- Adults 18-30: Reduces applicable percentage by 2.5%
- Adults 31-34: The 2.5% reduction is phased out by 0.5 percentage points each year until the adjustment ends

Young Adult Subsidy Background

3. Age Adjustment Subsidy Enhancement Cliff-less to 34 (AASE 34)

- The AASE applicable percentage formula is modified such that the denominator is the age factor for a 35-year-old (1.222) rather than 3
- Smooths the phase out of the subsidy so there is no cliff from 34 to 35
- Effect: Applicable percentage would phase from 82% up to 100% of current amount

$$ACA AP \times \left(\frac{Age Rate}{3-1.222} \right) = New YA AP$$

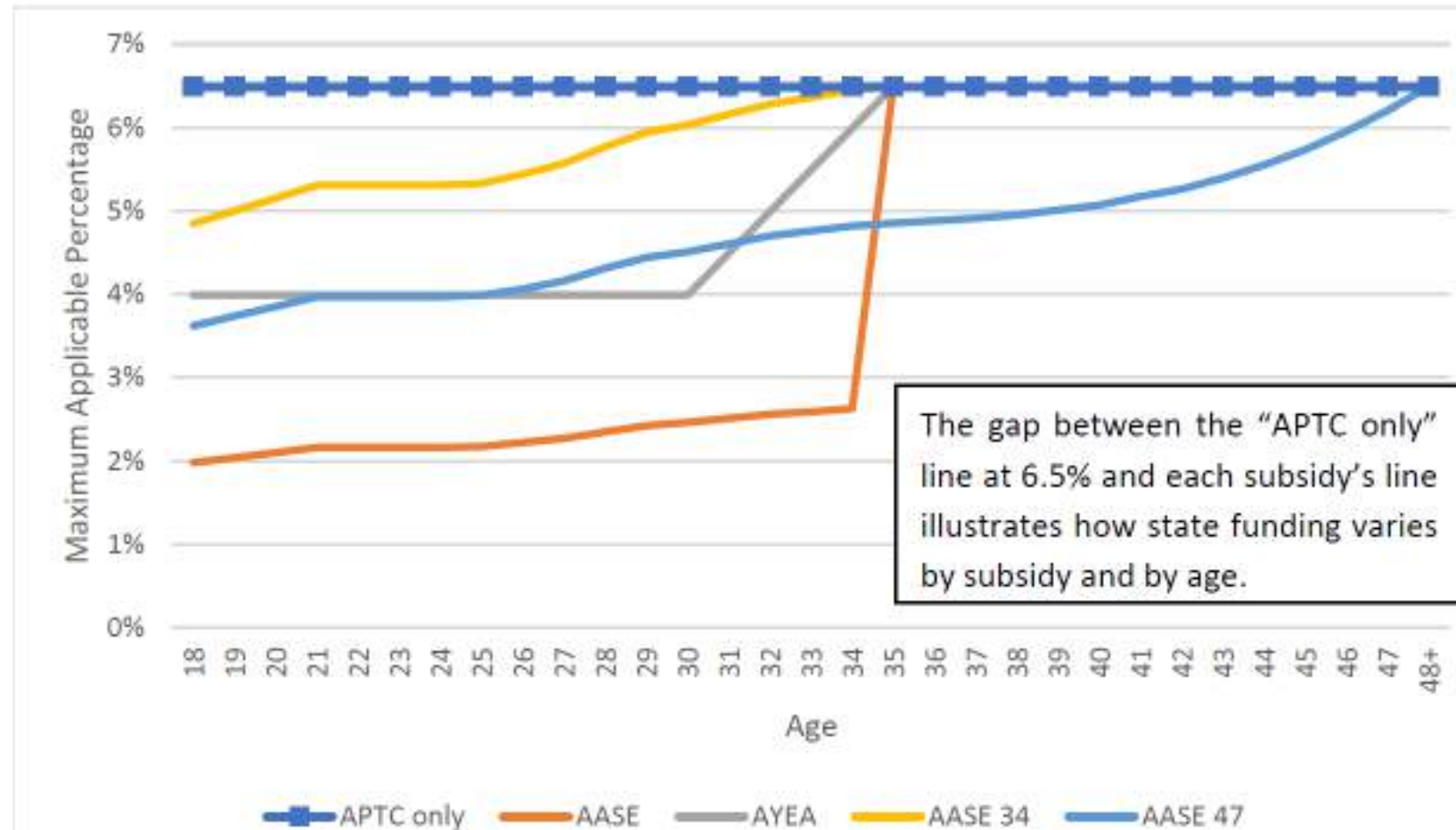
4. Age Adjustment Subsidy Enhancement Cliff-less to 47 (AASE 47)

- In this modified AASE approach, the applicable percentage formula uses the age factor for a 48-year-old (1.635 in the denominator)
- Smoothing the phase out of the subsidy up to the average age in the individual market, which is about 48.
- Effect: applicable percentage would phase from 61% up to 100% of current amount

$$ACA AP \times \left(\frac{Age Rate}{3-1.635} \right) = New YA AP$$

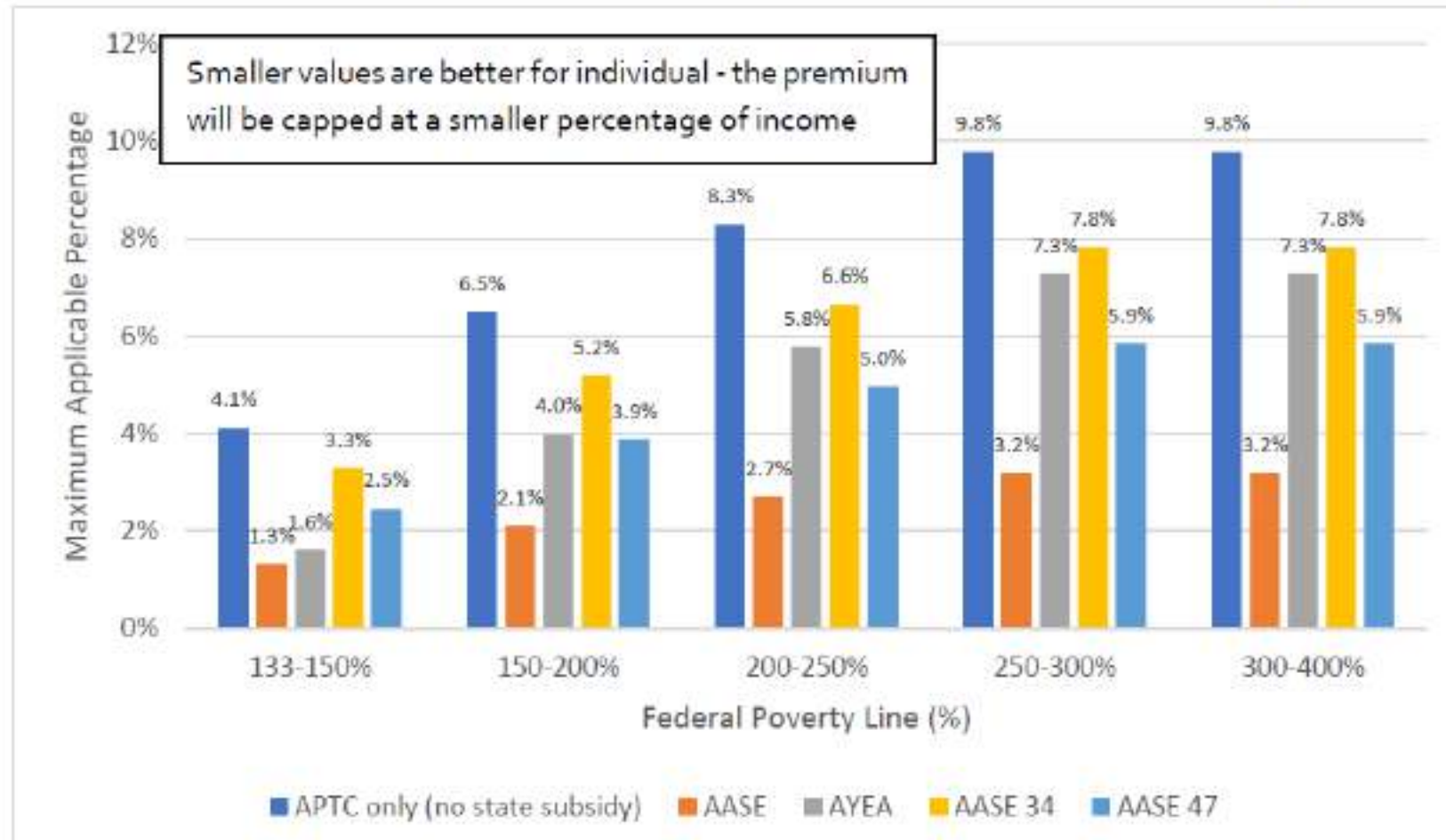
Young Adult Subsidy Comparison

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



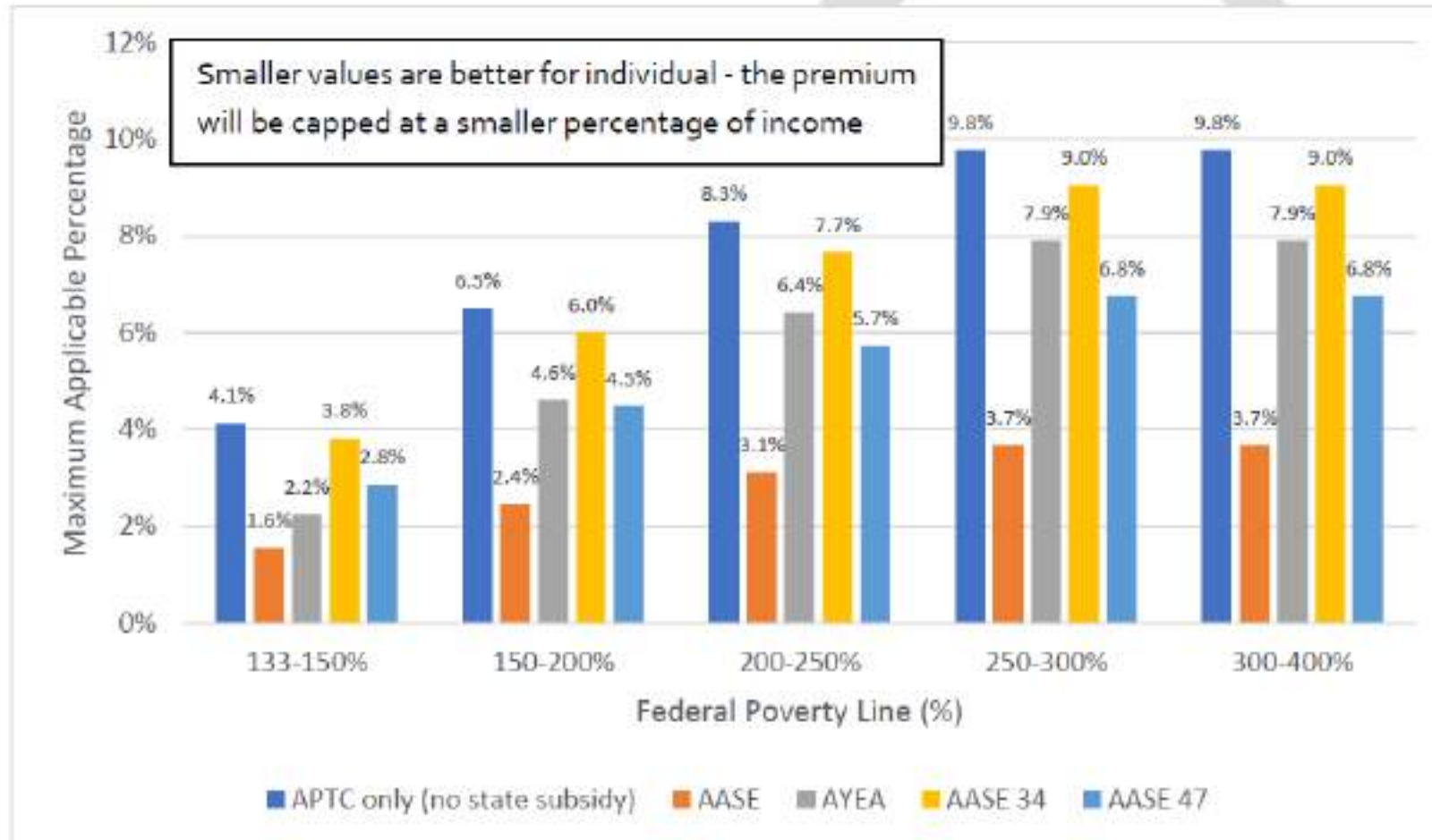
Young Adult Subsidy Comparison

Graph 2: Comparison of Young Adult Caps on Premium as % of Income for Ages 18-25



Young Adult Subsidy Comparison

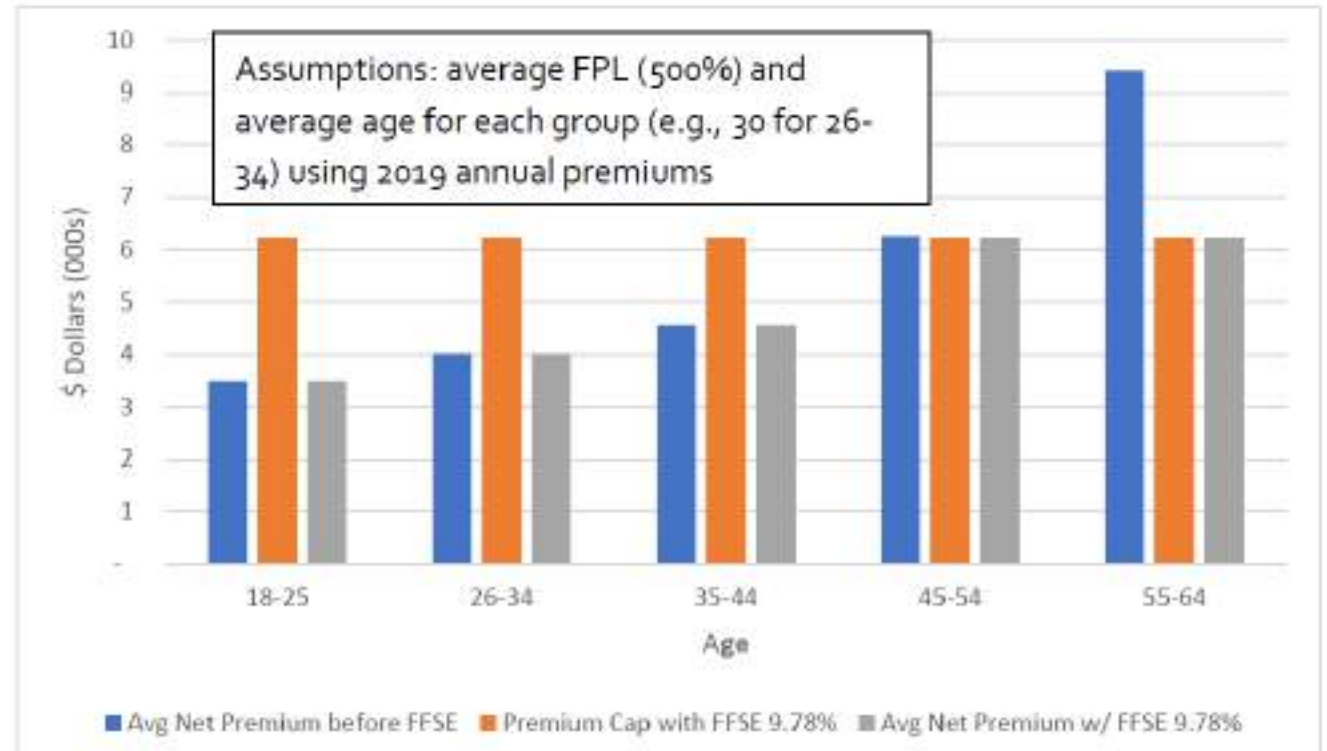
Graph 3: Comparison of Young Adult Caps on Premium as % of Income for Ages 26-34



400%-600% FPL Subsidy (FFSE)

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

Graph 6: Illustrative Comparison of 400%+ FPL Subsidy Extension (FFSE) Impact by Age for Individuals⁹ between 400-600% FPL using 2019 Annual Net Premiums



Impact of the Subsidy Cliff at 400% FPL

Older individuals can experience a significant increase in premium if they exceed 400%. The impact is magnified for households of two similarly-aged individuals.

Premium and Percent of Income for Second Lowest Cost Silver Plan. 2020 Premiums & FPL

Two-Party Coverage (Spouses of the same age)

Age	FPL															
	\$22,929 133%	\$25,860 150%	\$34,480 200%	\$43,100 250%	\$51,720 300%	\$60,340 350%	\$68,960 400%	\$69,132 401%	\$77,580 450%	\$86,200 500%	\$94,820 550%	\$103,440 600%	\$120,680 700%	\$137,920 800%	\$155,160 900%	
18	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 489	\$ 489	\$ 489	\$ 489	\$ 489	\$ 489	\$ 489	\$ 489	
24	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	
34	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	
44	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748	
54	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 1,143	\$ 1,143	\$ 1,143	\$ 1,143	\$ 1,143	\$ 1,143	\$ 1,143	\$ 1,143	
60	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 1,453	\$ 1,453	\$ 1,453	\$ 1,453	\$ 1,453	\$ 1,453	\$ 1,453	\$ 1,453	
64	\$ 59	\$ 89	\$ 186	\$ 298	\$ 422	\$ 492	\$ 562	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	\$ 1,606	
Age	133%	150%	200%	250%	300%	350%	400%	401%	450%	500%	550%	600%	700%	800%	900%	
18	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	8.48%	7.56%	6.80%	6.18%	5.67%	4.86%	4.25%	3.78%	
24	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	9.29%	8.28%	7.45%	6.77%	6.21%	5.32%	4.66%	4.14%	
34	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	11.28%	10.05%	9.05%	8.22%	7.54%	6.46%	5.65%	5.03%	
44	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	12.98%	11.57%	10.41%	9.46%	8.67%	7.44%	6.51%	5.78%	
54	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	19.84%	17.68%	15.91%	14.46%	13.26%	11.36%	9.94%	8.84%	
60	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	25.21%	22.47%	20.22%	18.38%	16.85%	14.44%	12.64%	11.23%	
64	3.09%	4.12%	6.49%	8.29%	9.78%	9.78%	9.78%	27.87%	24.84%	22.35%	20.32%	18.63%	15.97%	13.97%	12.42%	

Modeling Results – Enrollment

- L&E projects that the Young Adult Subsidies will increase enrollment by approximately 500 to 15,900 individuals, which varies by scenario
- L&E projects that the 400%-600% FPL will increase enrollment by approximately 2,300 to 8,900 individuals, which varies by scenario

Table 1: Comparison of 3-Year Enrollment Impact by Scenario

Scenario	AASE	AYEA	AASE 34	AASE 47	FFSE 9.78%	FFSE 12.5%	FFSE 15%
2022-2024 Increase in	15,900	5,400	500	9,300	8,900	3,900	2,300

Modeling Results – Impact of Subsidy on Target Population

- AASE and AASE 47 yield the largest increase in % enrolled of eligible

Table 2: Comparison of Subsidy Impact by Age and Income for Young Adult and 400%+ Subsidies

Scenario	Age	FPL Range	2021 % enrolled of eligible ¹⁶	2024 ¹⁷ % enrolled of eligible	2024 Gross Premium PCPY ¹⁸	2024 Net Premium PCPY	2024 Subsidy PCPY
Reinsurance Only	18-34	133-200%	56%	56%	\$4,809	\$1,231	\$0
	18-34	200-300%	43%	43%	\$4,968	\$2,904	\$0
	18-34	300-400%	22%	22%	\$6,084	\$5,138	\$0
	18-34	133-400%	43%	43%	\$5,003	\$2,283	\$0
AASE	18-34	133-200%	56%	69%	\$4,598	\$444	\$792
	18-34	200-300%	43%	64%	\$4,806	\$1,081	\$1,918
	18-34	300-400%	22%	61%	\$5,829	\$2,027	\$3,005
	18-34	133-400%	43%	65%	\$4,910	\$988	\$1,644
AYEA	18-34	133-200%	56%	64%	\$4,720	\$710	\$518
	18-34	200-300%	43%	48%	\$4,916	\$2,172	\$760
	18-34	300-400%	22%	31%	\$6,737	\$4,684	\$864
	18-34	133-400%	43%	50%	\$5,016	\$1,703	\$648
AASE 34	18-34	133-200%	56%	56%	\$4,781	\$1,084	\$144
	18-34	200-300%	43%	43%	\$4,938	\$2,571	\$327
	18-34	300-400%	22%	25%	\$6,293	\$4,845	\$430
	18-34	133-400%	43%	43%	\$5,006	\$2,065	\$246
AASE 47	18-47 ¹⁹	133-200%	56%	59%	\$5,118	\$871	\$370
	18-47	200-300%	42%	51%	\$5,304	\$2,121	\$898
	18-47	300-400%	25%	39%	\$7,303	\$4,217	\$1,510
	18-47	133-400%	43%	51%	\$5,463	\$1,784	\$722

Modeling Results – Impact of Subsidy on Target Population

Table 2: Comparison of Subsidy Impact by Age and Income for Young Adult and 400%+ Subsidies

Scenario	Age	FPL Range	2021 % enrolled of eligible ¹⁵	2024 ¹⁷ % enrolled of eligible	2024 Gross Premium PCPY ¹⁸	2024 Net Premium PCPY	2024 Subsidy PCPY
400%+ FFSE 9.78%	18-34	400-600%	49%	49%	\$4,387	\$4,367	\$21
	35-44	400-600%	61%	64%	\$6,046	\$5,702	\$345
	45-54	400-600%	50%	62%	\$9,311	\$7,472	\$1,840
	55-64	400-600%	57%	86%	\$11,224	\$7,283	\$3,941
	18-64	400-600%	53%	62%	\$7,520	\$5,985	\$1,534
400%+ FFSE 12.5%	18-34	400-600%	49%	49%	\$4,430	\$4,430	\$0
	35-44	400-600%	61%	61%	\$5,925	\$5,925	\$0
	45-54	400-600%	50%	57%	\$9,202	\$8,278	\$925
	55-64	400-600%	57%	70%	\$12,097	\$9,550	\$2,547
	18-64	400-600%	53%	57%	\$7,411	\$6,630	\$781
400%+ FFSE 15%	18-34	400-600%	49%	49%	\$4,448	\$4,448	\$0
	35-44	400-600%	61%	61%	\$5,949	\$5,949	\$0
	45-54	400-600%	50%	52%	\$8,808	\$8,495	\$314
	55-64	400-600%	57%	66%	\$12,159	\$10,571	\$1,588
	18-64	400-600%	53%	55%	\$7,301	\$6,874	\$427

¹⁵ This is a generalization for Young Adults in Individual (1-person) plans.

¹⁶ Eligible individuals exclude anyone with insurance provided by their employer.

¹⁷ All 2024 figures are modeled with subsidy included, unless otherwise noted.

¹⁸ PCPY = per contract holder per year (some contracts may be individual, 2 persons, or family)

¹⁹ Using 18-44 figures as an approximation for 18-47 figures. For modeling purposes, age bands are 18-25, 26-34, 35-44 and 45-54. The subsidies for adults aged 45-47 under the AASE47 are low and the impact on enrollment is immaterial.

- Impact of the 400%+ subsidy declines as applicable percentage increases

Modeling Results – Efficiency of the Subsidy to Attract New Enrollees

Table 3: Comparison of Percentage of Subsidy Recipients who will be New Enrollee

Subsidy	% of subsidy recipients who will be a new enrollee by 2024
AASE	34% of individuals, ages 18-34 at 133-400% FPL
AYEA	15% of individuals, ages 18-34 at 133-400% FPL
AASE 34	2% of individuals, ages 18-34 at 133-400% FPL
AASE 47	16% of individuals, ages 18-47 at 133-400% FPL
FFSE 9.78%	13% of individuals, ages 18-64 between 400-600% FPL
FFSE 12.5%	6% of individuals, ages 18-64 between 400-600% FPL
FFSE 15%	4% of individuals, ages 18-64 between 400-600% FPL

Modeling Results – Efficiency of the Subsidy to Attract New Enrollees

Table 4: Comparison of Subsidy Cost per New Enrollee

	2022			2023			2024		
	Cost	New Members ²⁰	Cost per New Member	Cost	New Members	Cost per New Member	Cost	New Members	Cost per New Member
AASE	\$45,782,757	9,535	\$4,802	\$53,742,899	14,302	\$3,758	\$57,570,198	15,891	\$3,623
AYEA	\$15,942,912	3,250	\$4,906	\$17,250,376	4,875	\$3,539	\$18,051,144	5,416	\$3,333
AASE 34	\$5,546,084	296	\$18,747	\$5,768,120	444	\$12,998	\$5,922,019	493	\$12,010
AASE 47	\$27,196,472	5,572	\$4,881	\$29,941,754	8,358	\$3,582	\$31,515,755	9,287	\$3,394
FFSE 9.78%	\$54,917,096	5,333	\$10,298	\$65,529,895	7,999	\$8,192	\$73,716,051	8,888	\$8,294
FFSE 12.5%	\$23,305,812	2,337	\$9,970	\$29,399,270	3,506	\$8,385	\$34,639,459	3,896	\$8,891
FFSE 15%	\$12,848,674	1,388	\$9,256	\$15,899,434	2,082	\$7,635	\$18,429,687	2,314	\$7,965

Summary of Impact by Scenario for 2022

Field	Reinsurance								
	Baseline	(RI)	RI + AASE	RI + AYE A	RI + AASE 34	RI + AASE 47	RI + FFSE 9.78%	RI + FFSE 12.5%	RI + FFSE 15%
Total Non-Group Enrollment	184,054	226,017	233,444	228,548	226,248	230,357	230,175	227,840	227,100
<i>APTC Enrollment</i>	134,346	134,346	143,222	136,937	133,983	139,259	133,687	133,687	133,687
<i>APTC + YA Subsidy Enrollment</i>	0	0	47,001	40,483	36,122	91,925	0	0	0
<i>400+ Extension Enrollment</i>	0	0	0	0	0	0	25,892	17,135	8,729
Total Non-Group Premium PMPM	\$803	\$447	\$430	\$441	\$446	\$437	\$445	\$446	\$447
<i>APTC (Gross/ Net) Premium PMPM</i>	\$883/\$123	\$480/\$122	\$456/\$100	\$471/\$113	\$479/\$119	\$466/\$108	\$473/\$122	\$477/\$122	\$478/\$122
<i>APTC + YA Subsidy (Gross/Net) Premium PMPM</i>	-	-	\$284/\$49	\$289/\$84	\$291/\$95	\$355/\$95	-	-	-
<i>400+ Extension (Gross/Net) Premium PMPM</i>	-	-	-	-	-	-	\$573/\$396	\$644/\$531	\$609/\$487
Total Premiums	\$1,772,967,310	\$1,212,602,090	\$1,204,613,366	\$1,209,310,116	\$1,211,810,594	\$1,208,266,544	\$1,228,473,585	\$1,219,591,028	\$1,217,188,769
<i>Total APTCs³⁰</i>	\$1,225,658,426	\$576,989,444	\$566,166,851	\$572,964,556	\$573,775,842	\$570,467,068	\$564,058,309	\$569,686,220	\$571,493,977
<i>Total YA Subsidy</i>	-	-	\$45,782,757	\$15,942,912	\$5,546,084	\$27,196,472	-	-	-
<i>Total 400-600 Subsidy</i>	-	-	-	-	-	-	\$54,917,096	\$23,305,812	\$12,848,674
Reinsurance Funding	-	\$447,975,589	\$448,108,062	\$448,020,740	\$448,094,833	\$448,053,003	\$448,330,383	\$448,131,103	\$448,067,947
RI Reduction in Premiums	-	-28.5%	-28.6%	-28.6%	-28.6%	-28.6%	-28.6%	-28.6%	-28.6%
RI Assessment	-	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Reduction in Premiums (Improved Morbidity)	-	-22.8%	-25.7%	-23.9%	-22.9%	-24.5%	-23.2%	-23.0%	-22.9%
Estimated APTC Savings ³¹	-	\$648,668,982	\$659,491,575	\$652,693,870	\$651,882,584	\$655,191,358	\$661,600,117	\$655,972,206	\$654,164,449
Estimated Net Federal Savings	-	\$622,915,321	\$633,308,233	\$626,780,412	\$626,001,336	\$629,178,744	\$635,333,061	\$629,928,591	\$628,192,606
Estimated Pass Through (RI-only)	-	139%	141%	140%	140%	140%	142%	141%	140%
Total State Funds (RI- only)	-	\$118,896,671	\$118,896,671	\$118,896,671	\$118,896,671	\$118,896,671	\$118,896,671	\$118,896,671	\$118,896,671



Public Comment