MHBE Individual Subsidy Work Group

November 12, 2020

MHBE Policy Department

MARYLAND HEALTHBENEFIT EXCHANGE

Agenda

10:00AM-10:05AM
Welcome/Agenda/Approve minutes

10:05AM-10:20AM
Review Additional Subsidy Designs

10:20-11:00AM
Discuss Proposed Subsidy Designs

11:00AM-11:25AM
Vote on Recommendations

11:25AM-11:30AM
Public Comment

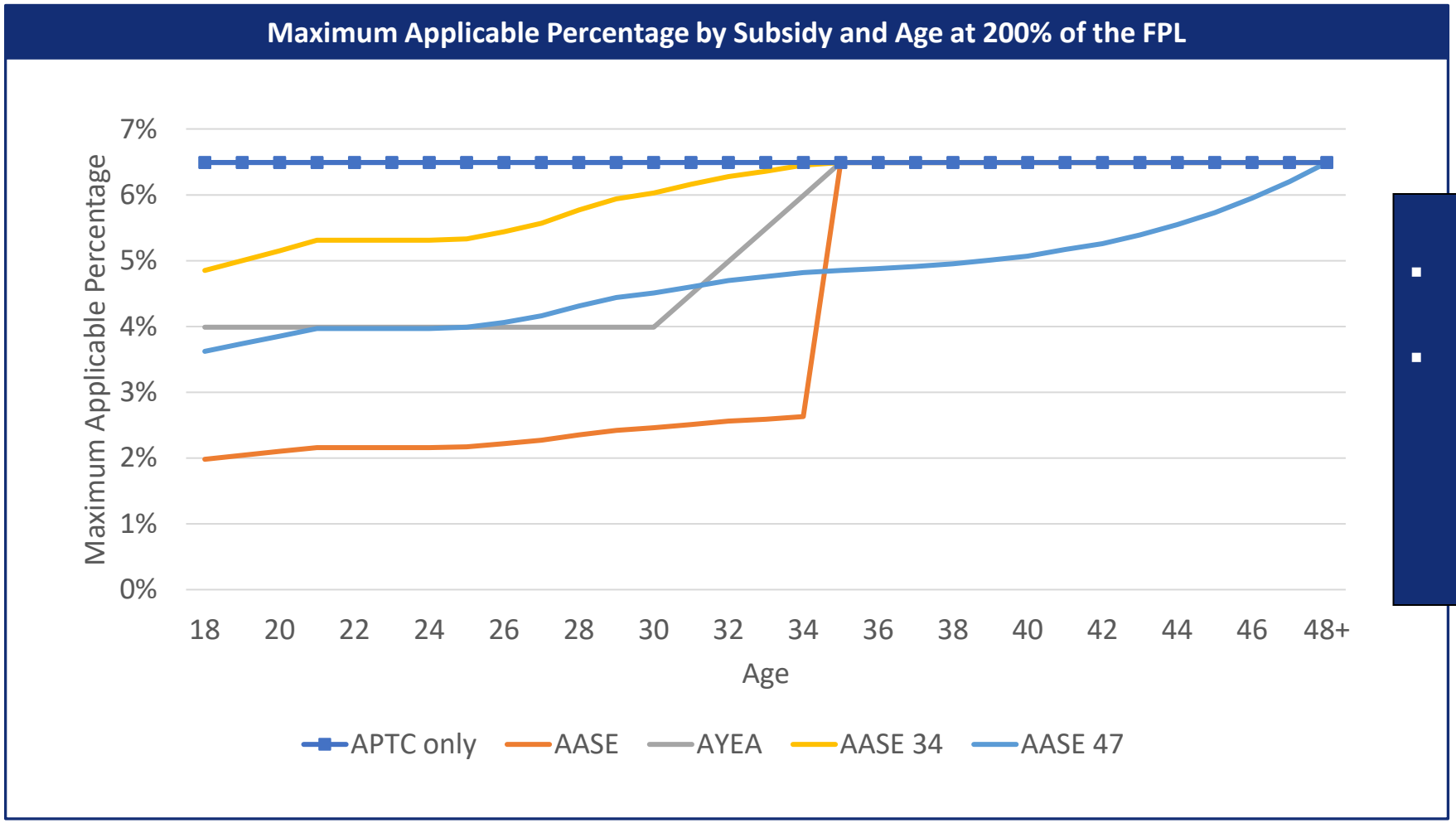
Framework for Evaluating Subsidy Design

Framework for Evaluating Subsidy Design

1. Equity	Equitable distribution of costs and subsidies
2. Effectiveness	A. Effectiveness at reducing the uninsured rate in the target population
	B. Percentage of subsidy recipients who will be new enrollees
	C. Cost per new enrollee
3. Total Cost	Total cost relative to potential funding
4. Impact on Risk Pool	Reduction in average costs for all enrollees due to improved morbidity
5. Affordability	An overarching goal of establishing a state subsidy should be to improve health insurance affordability

Review and Discuss Additional Subsidy Designs

B Young Adult Subsidies



These are the original four subsidy designs that L&E modeled and we discussed.

- This graph illustrates the impact of each subsidy by age.
- The graph focuses on an individual at 200% of the FPL – these lines will vary at other income levels, but generally the relativities between them remain the same.

Additional Young Adult Subsidy Modeling

- The graph on the previous slide compares the required contribution for the original four L&E young adult subsidy designs for a single income (200% FPL), as income increases.
- The charts below compares the average required contribution in two age bands across the 0-400% FPL range.
- The generosity of the AASE and AASE 47 compared to federal APTC is notable at higher FPLs.

Young Adult Subsidies Compared to APTC, 18-25

	Required Contribution for Benchmark Plan				
% FPL	Federal	AASE	AYEA	AASE 34	AASE 47
0	2.06%	0.67%	0.00%	1.65%	1.23%
133	3.09%	1.01%	0.59%	2.47%	1.85%
150	4.12%	1.34%	1.62%	3.30%	2.47%
200	6.49%	2.12%	3.99%	5.20%	3.88%
250	8.29%	2.70%	5.79%	6.64%	4.96%
300	9.78%	3.19%	7.28%	7.83%	5.85%
400	9.78%	3.19%	7.28%	7.83%	5.85%

Young Adult Subsidies Compared to APTC, 26-34

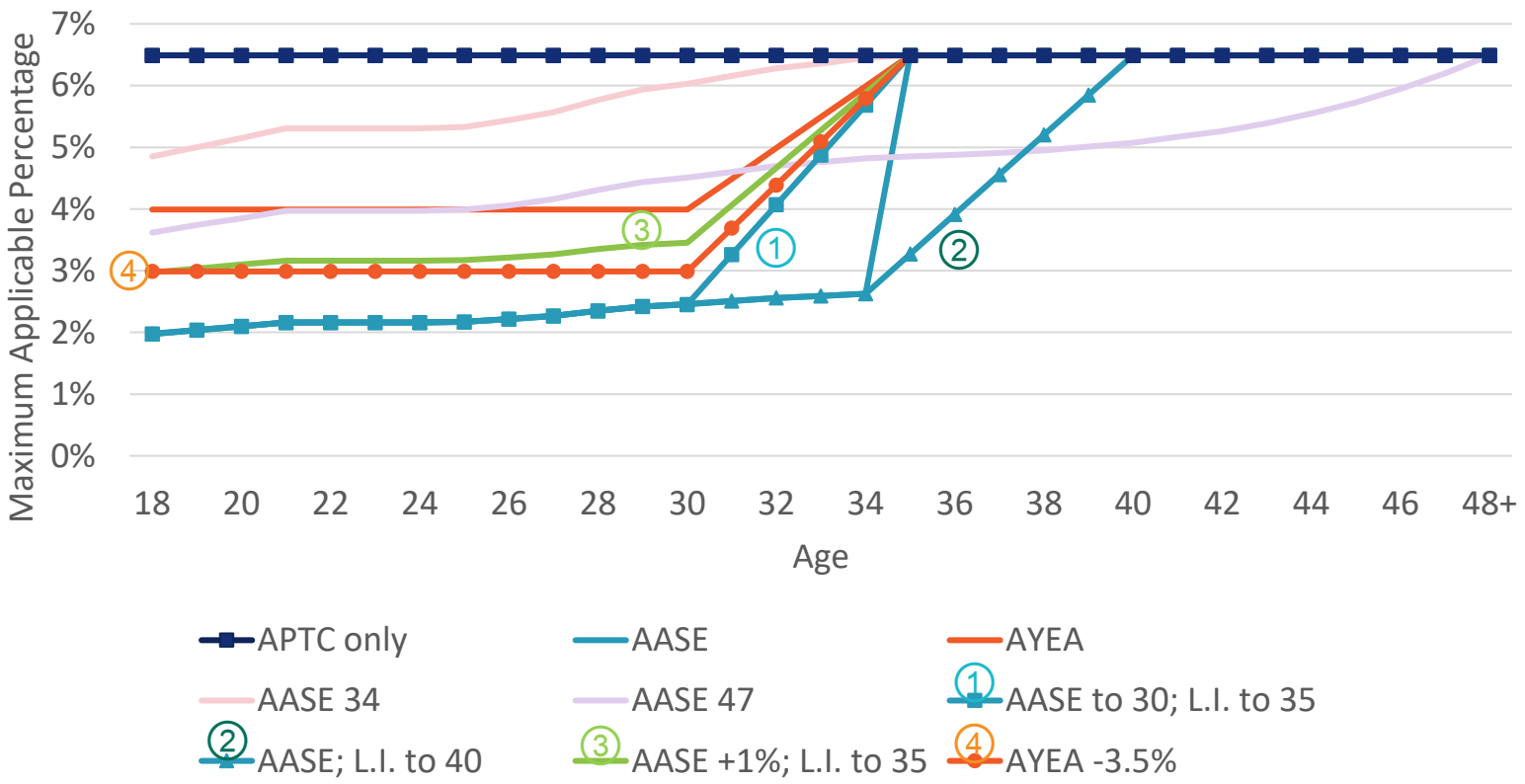
	Required Contribution for Benchmark Plan				
% FPL	Federal	AASE	AYEA	AASE 34	AASE 47
0	2.06%	0.78%	0.41%	1.90%	1.42%
133	3.09%	1.16%	1.22%	2.86%	2.13%
150	4.12%	1.55%	2.25%	3.81%	2.85%
200	6.49%	2.44%	4.62%	6.00%	4.48%
250	8.29%	3.12%	6.42%	7.66%	5.73%
300	9.78%	3.68%	7.91%	9.04%	6.76%
400	9.78%	3.68%	7.91%	9.04%	6.76%

Additional Young Adult Subsidy Modeling

- Following the Nov. 5th workgroup meeting, MHBE consulted with MIA and asked Lewis & Ellis to model four subsidy designs with the goal of approximating the impact of the AASE design, but without the cliff.
  - ① AASE formula through age 30, then linear interpolation (phase out) from 31 through 35.
  - ② AASE formula through age 35, then linear interpolation from 36 to 40.
  - ③ AASE formula with a new +1% term to shift the curve up, with the linear interpolation from 31 and 35 (less generous than option 1)
  - ④ AYEA formula altered by -3.5% from the federal contribution (made more generous than the originally modeled AYEA formula, which was -2.5%)

Young Adult Subsidies – with New Designs

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



This graph shows the four original subsidy designs + the four newly modeled subsidy designs (numbered)

- This graph illustrates the impact of each subsidy by age.
- The graph focuses on an individual at 200% of the FPL – these lines will vary at other income levels, but generally the relativities between them remain the same.
  - For higher incomes, AASE +1% becomes richer than AYEA -3.5%.

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Overall Modeling Results & Discussion

	A	B	C	D	E	F	G	H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
Reinsurance	18-34	43%	43%	-	$5,003	$2,283	$0	-	-	-	-	-
Subsidies for Young Adults under 400% FPL												
AASE	18-34	43%	60%	15,900	$4,887	$963	$1,607	$53M	$10M	-2.7%	34%	$3,322
AYEA	18-34		49%	5,400	$4,992	$1,691	$642	$18M	$2M	-1.0%	15%	$3,316
AASE 34	18-34		43%	500	$4,995	$2,056	$243	$6M	$400K	-0.1%	2%	$12,054
AASE 47	18-47	43%	50%	9,300	$5,438	$1,758	$706	$30M	$5M	-1.6%	16%	$3,271
Subsidies for Individuals 400-600% FPL												
FFSE 9.78%	18-64	53%	60%	8,900	$7,383	$5,926	$1,457	$69M	$10M	-0.5%	15%	$7,708
FFSE 12.5%	18-64		56%	3,900	$7,307	$6,575	$732	$32M	$4M	-0.2%	7%	$8,318
FFSE 15%	18-64		55%	2,300	$7,227	$6,827	$400	$17M	$3M	-0.1%	4%	$7,459
Variation of original AASE with no cliff (LI = linear interpolation)												
AASE 30; LI to 35	18-34	43%	58%	14,400	$4,915	$1,177	$1,384	$44M	$9M	-2.5%	32%	$3,066
AASE; LI to 40	18-39	43%	58%	20,900	$5,255	$1,244	$1,326	$64M	$12M	-3.5%	30%	$3,066
Variation between the original AASE and AYEA (LI = linear interpolation)												
AASE +1%; LI to 35	18-34	43%	55%	11,700	$4,937	$1,474	$1,080	$32M	$8M	-2.0%	27%	$2,786
AYEA -3.5%	18-34	43%	52%	8,900	$4,988	$1,459	$928	$27M	$4M	-1.6%	22%	$3,078

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Vote

Vote on Recommendations

Assuming a steady state (continuation of reinsurance program, state assessment, and projected federal funding), if MHBE is tasked with implementing an individual market state subsidy, does the workgroup:

1. Recommend that MHBE use the considerations listed in the framework on slide 4 when evaluating subsidy designs?
2. Recommend prioritizing specific target populations within the populations for whom L&E modeled subsidy designs – young adults ages 18-34, 18-40, and 18-47; households at 400-600% FPL?
3. Recommend a certain subsidy design or designs – or certain attributes of designs – modeled by L&E?
4. Have other recommendations?
5. Have other comments they would like to note in their report to MHBE?
   - The workgroup exclusively considered state-based premium subsidy options (and not potential expansion of the reinsurance program).

Next Steps

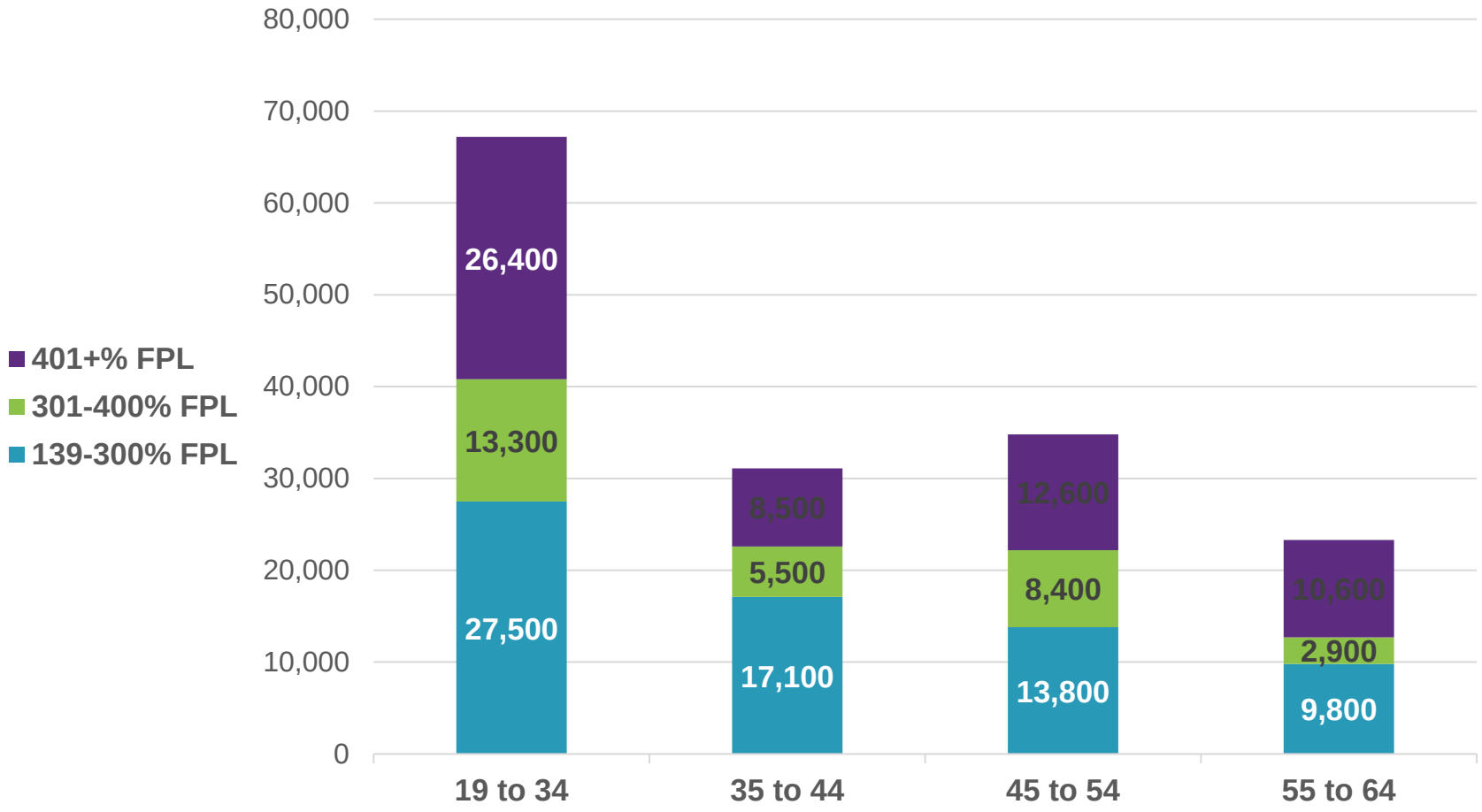
Workgroup Next Steps

- Review and finalize report to MHBE

Public Comment

Appendix

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.

FAMILIESUSA

Actual and Projected Cost, Funding, and Impact of the Reinsurance Program, 2019-2023

	2019 Act.	2020 Est.*	2021 Est.	2022 Est.	2023 Est.
Reinsurance Cost	$352,798,597	$377,828,828	$416,782,404	$447,975,589	$478,434,269
Federal Funding	$373,395,635	$447,277,359	$567,748,703	$628,614,048	$684,842,457
State Funding Dedicated to SRP	**$326,889,258**	**$118,517,416**	**$112,591,545**	**$118,896,671**	**$125,554,885**
Reduction in Premiums (Reinsurance Funding)	-27.3%	-25.7%	-28.1%	-28.6%	-29.1%
Total Premium PMPM	$535	$494	$424	$443	$461
Total Enrollment	191,820	207,160	224,909	226,017	227,132

*2020 Federal Funding is actual funding, not an estimate.

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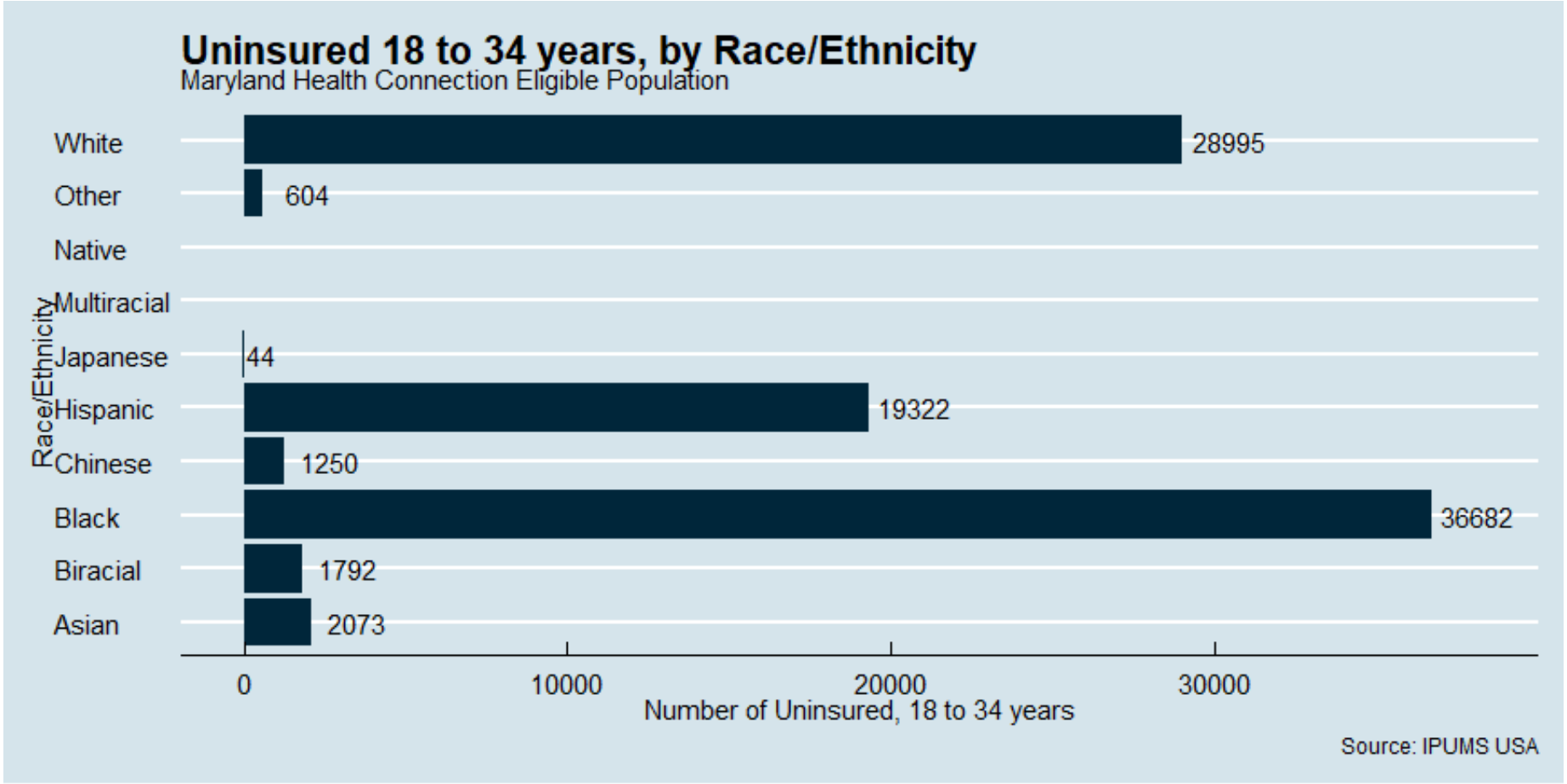
Uninsured Young Adults by Race/Ethnicity: Absolute Number



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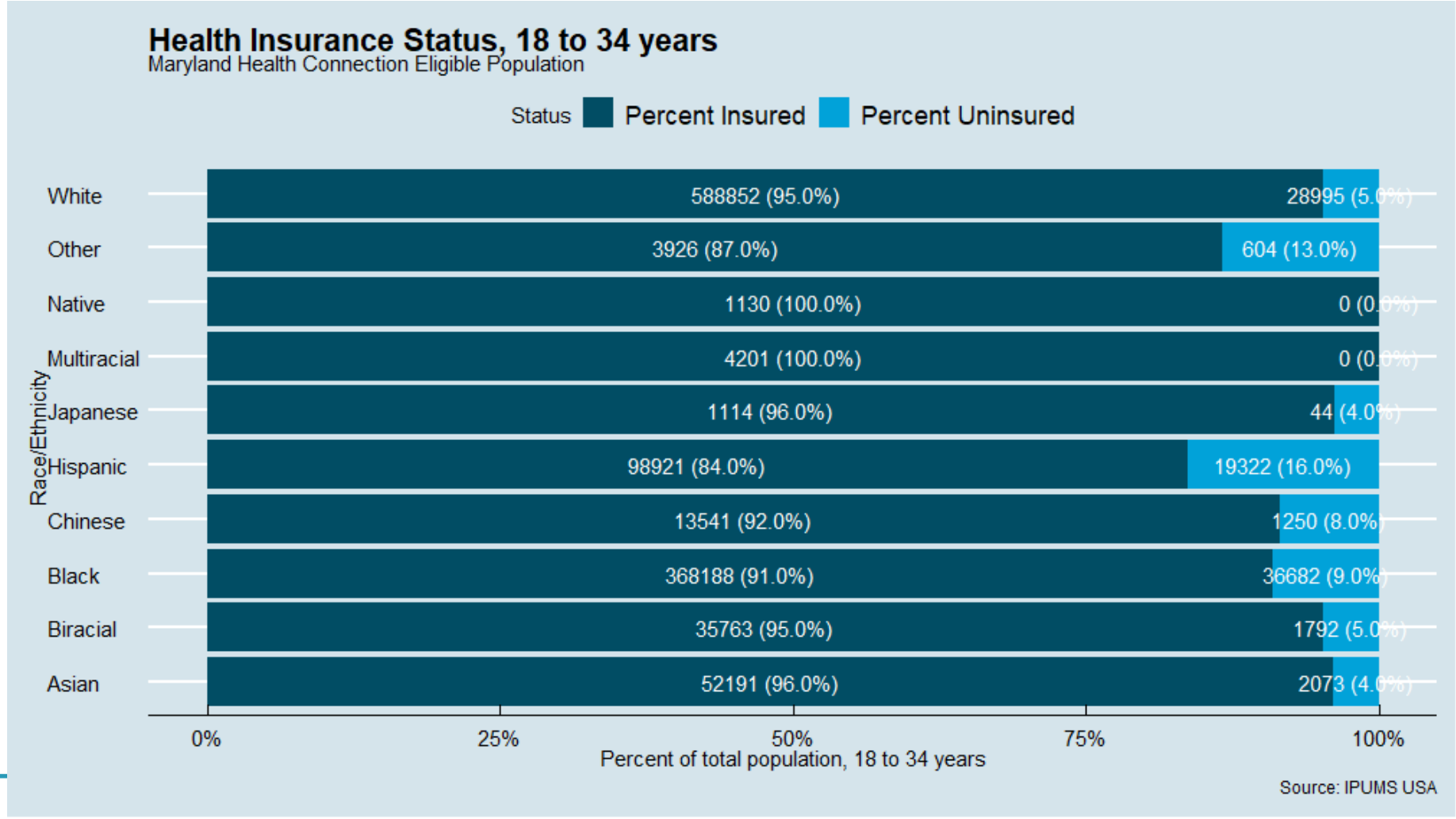
Young Adult Insurance Status by Race/Ethnicity: Percentage



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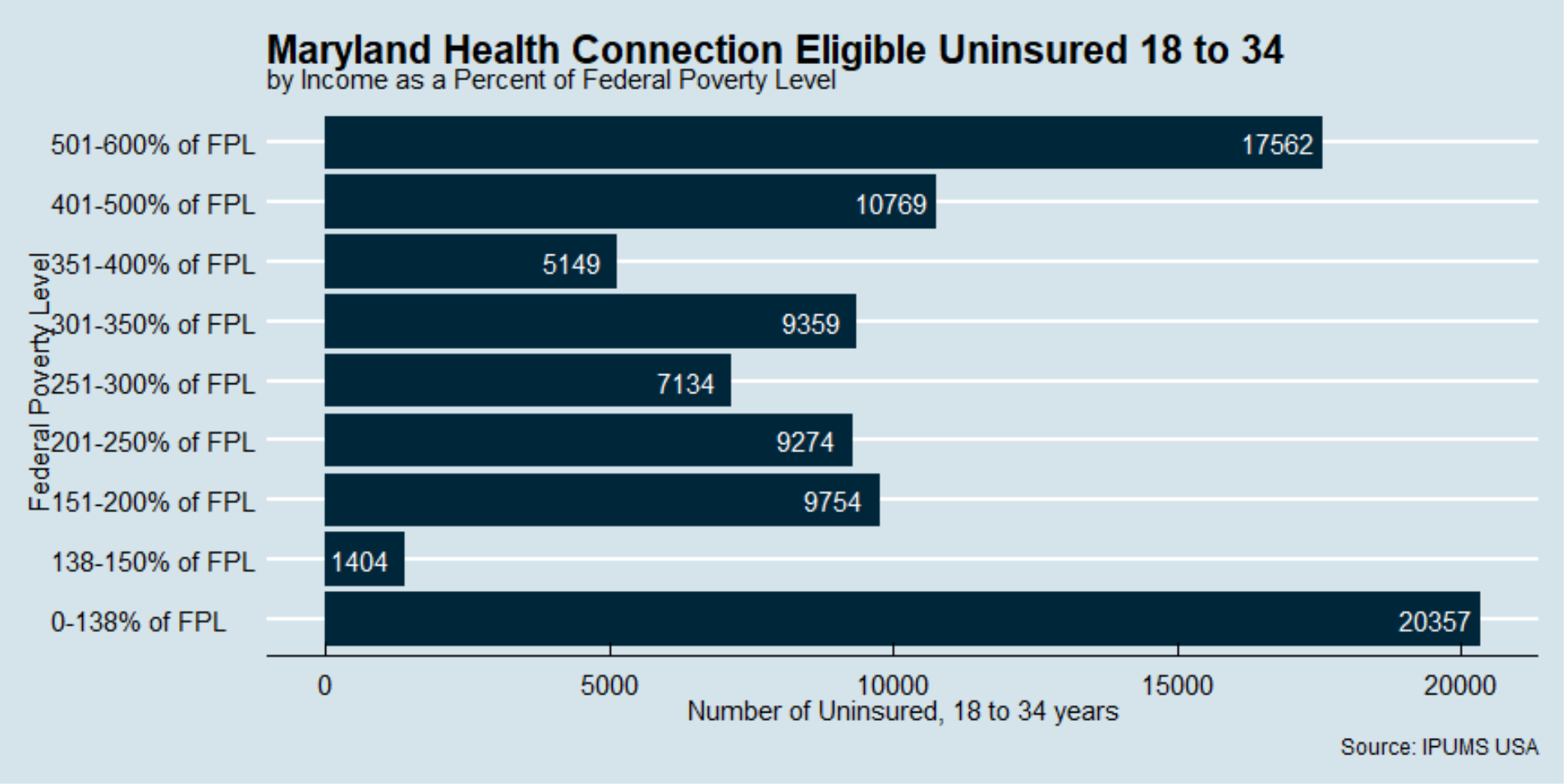
Uninsured Young Adults by Federal Poverty Level: Absolute Number



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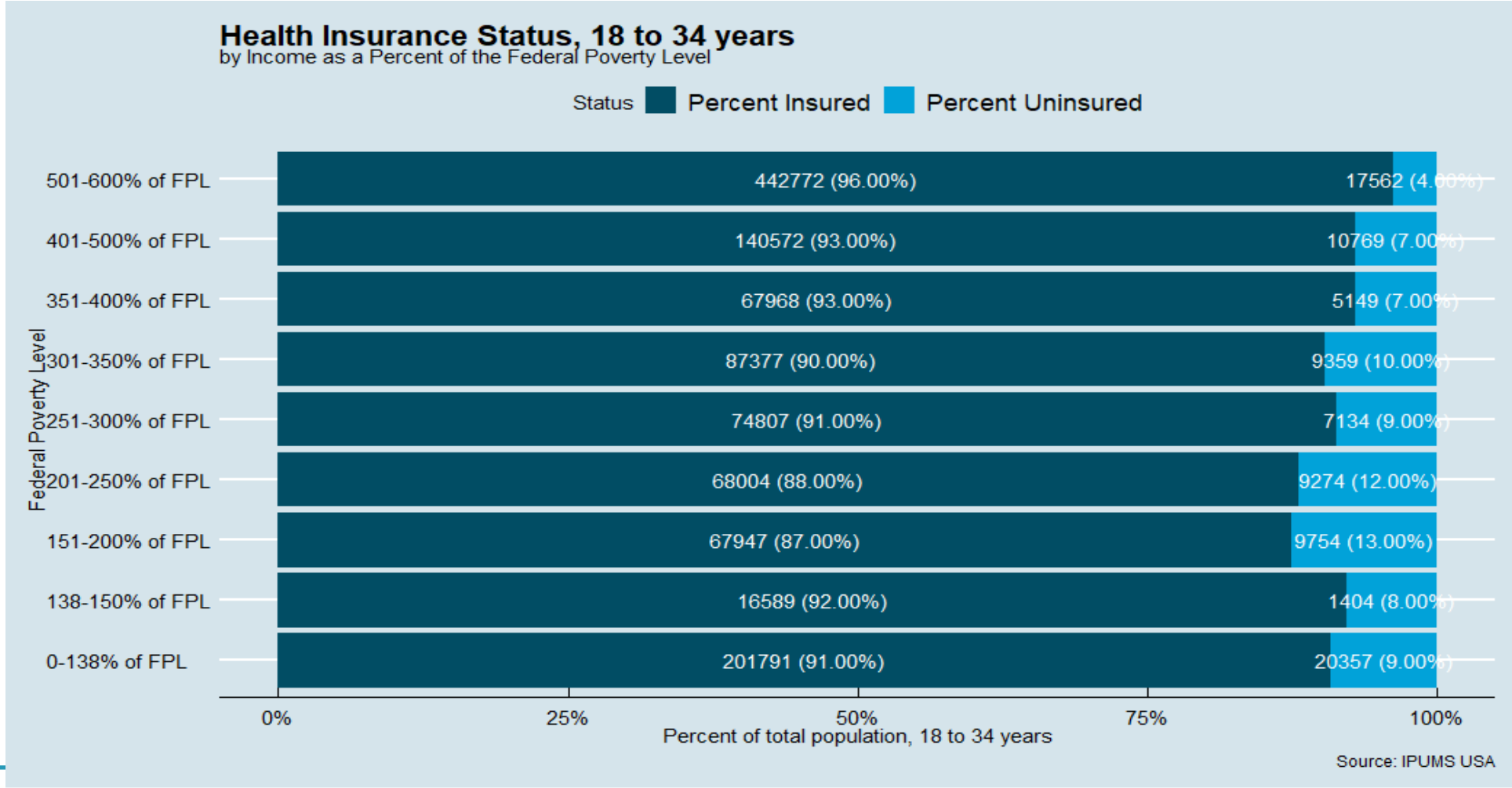
Young Adult Insurance Status by Federal Poverty Level: Percentage



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