

Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE:

A. GRANTEE INFORMATION		
1. Reporting Period End Date December 31, 2022	2. Report Due Date March 31, 2023	3. Report Submitted On (Date) October 26, 2023
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1SIWIW190006-01-00	6a. DUNS Number 07847412	6b. EIN 526002033
7. Recipient Organization Name Maryland Health Benefit Exchange		
Address Line 1 750 E Pratt St.		
Address Line 2 6th Floor		
Address Line 3		
City Baltimore	State MD	Zip Code 21202
Zip Extension	8. Grant Period Start Date January 1, 2019	9. Grant Period End Date December 31, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		

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B. REPORT CERTIFICATION	
11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.	
11a. Typed or printed name and title of Authorized Certifying Official	Michele Eberle
11b. Signature of Authorized Certifying Official	
11c. Telephone (area code, number, and extension)	(443) 750-2987
11d. E-mail address	michele.eberle@maryland.gov
11e. Date report submitted (month/day/year)	October 26, 2023
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>	
12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.	
	<p>Based on consultation with the Maryland Insurance Administration (MIA) and actuarial firm Lewis & Ellis, Maryland Health Benefit Exchange (MHBE) staff recommended that the Board of Trustees (the Board) approve the 2022 reinsurance parameters as the 2023 estimated reinsurance parameters. On February 22, 2022, the Board voted to approve the 2023 estimated parameters to again include a \$20,000 attachment point, 80% coinsurance, \$250,000 cap, and a dampening factor to be determined by the Insurance Commissioner. This was to inform 2023 rate filings submitted in May 2022. A 30-day public comment period on the estimated parameters (except for the as-yet undetermined dampening factor) was held March 1 - April 1, 2022.</p> <p>The Board voted on final 2023 parameters at its July 18, 2022 meeting and approved an attachment point between \$15,000 and \$20,000 with the final attachment point to be provided by the Insurance Commissioner, a coinsurance rate of 80%, a cap of \$250,000, and a dampening factor to be provided by the Insurance Commissioner. The Insurance Commissioner provided an attachment point of \$18,500 and a dampening factor of 0.840.</p> <p>In 2022, MHBE also provided technical assistance to the legislature on HB413/SB395, which successfully extended the 1% health insurance provider assessment through 2028 in order to support an application to extend the reinsurance waiver for a second 5-year period.</p> <p>At the November 21, 2022 Board meeting, the Board voted to approve submission of a Letter of Intent to</p>

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extend Maryland's 1332 waiver. MHBE submitted the letter on December 15, 2022. On March 30, 2023, MHBE submitted an application to CMS and the Department of Treasury to extend the 1332 State Innovation Waiver authorizing the SRP for an additional five-year period, through December 31, 2028. The application was approved on June 28, 2023.

On July 17, 2023, the MHBE Board of Trustees finalized the 2024 SRP parameters of an attachment point of \$20,000, coinsurance rate of 80%, cap of \$250,000, and a dampening factor to be determined by the Insurance Commissioner.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

None

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D. PROGRESS OF SECTION 1332 WAIVER - State-Specific		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	198,543	Total Member Months: 2,382,516
Actual individual market enrollment off the Exchange in the state	33,026	Total Member Months: 396,316
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$447.61	
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$328.33	
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Rating Area 1: \$255.08 Rating Area 2a: \$255.08 Rating Area 2b: \$264.97 Rating Area 3: \$255.08 Rating Area 4a: \$255.08 Rating Area 4b: \$264.97	From 2022 state specific premium data for section 1332 waiver pass-through calculations: https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers-#Application_Tools_and_Resources
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	Rating Area 1: \$366.48 Rating Area 2a: \$366.48 Rating Area 2b: \$368.06 Rating Area 3: \$366.48 Rating Area 4a:	From 2022 state specific premium data for section 1332 waiver pass-through calculations: https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers-

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	Value	Comments (if applicable)
	\$366.48 Rating Area 4b: \$368.06	#Application_Tools_and_Resources
d. <i>For states with State-based Exchanges</i> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	Rating Area 1: \$219,562,315.09 Rating Area 2a: \$3,239,599.83 Rating Area 2b: \$75,445,222.90 Rating Area 3: \$258,725,087.79 Rating Area 4a: \$8,245,798.21 Rating Area 4b: \$57,391,814.38	From MHBE internal calculations. Total amount across all rating areas: \$622,609,838.20
e. <i>For states with State-based Exchanges</i> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	162,263	
<p>15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.</p> <p>Maryland's reinsurance waiver does not impact the scope of benefits covered on Maryland's essential health benefit benchmark.</p>		
<p>16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.</p> <p>The payment parameters did not change for PY 2022. For PY 2023, the payment parameters include an attachment point of \$18,500, coinsurance rate of 80%, cap of \$250,000, and dampening factor of .840. This is a change in the attachment point from the previous plan years (2019-2022), which was \$20,000 each year. At their February 21, 2023 meeting, the MHBE Board approved estimated PY 2024 parameters of an attachment point of \$19,500, coinsurance rate of 80%, cap of \$250,000, and dampening factor to be provided by the Insurance Commissioner. At their July 17, 2023 meeting, the Board ultimately approved final PY 2024 parameters of an attachment point of \$20,000, coinsurance rate of 80%, cap of \$250,000, and dampening factor to be provided by the Insurance Commissioner.</p>		

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17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.

The Maryland General Assembly passed HB413/SB395 in 2022. This bill extended the 1% health insurance provider assessment from 2024 through 2028 in order to support MHBE's application to extend the reinsurance waiver for a second 5-year period. Additionally, MHBE piloted the Young Adult Subsidy program in 2022 and also implemented the Unemployment Insurance arm of the easy enrollment program.

SB601/HB814 was passed by the MD General Assembly which extended the Young Adult Subsidy program for an additional two plan years, 2024-2025. SB365 / HB588, which was ultimately not passed by the MD General Assembly, would have directed MHBE to apply for an amendment to our 1332 waiver to allow undocumented individuals to enroll on-exchange and authorized MHBE to administer a state subsidy program to these individuals if funding were identified to support such a program.

Lastly, MHBE applied for and was granted an extension of this 1332 waiver (which did not require changes to state law).

18. Report on spending:

	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$418,213,323.24	\$344,149,951 from 2022 pass-through + \$74,063,372.24 from pass-through carried over from prior years
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$58,681.25	CMS EDGE server fee: \$8,000 Actuarial fees: \$50,681.25
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$0	
d. Amount of state funding contribution to fully fund the program for the reporting year	\$66,707,133.67	

19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.

Not applicable because Maryland has a claims-based reinsurance program.

However, in 2021, the top five most expensive conditions were:

1. Cancers
2. Septicemia, sepsis, systemic inflammatory response syndrome/shock
3. Hemophilia
4. End Stage Renal Disease

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5. Inflammatory Bowel Disease
 MHBE does not yet have 2022 data. Cancer was the highest cost condition among enrollees in all three years of the SRP. Septicemia, sepsis, and systematic inflammatory response syndrome/shock was in the top five in all three years, and diabetes and respiratory arrest were in the top five in two out of three years.

20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.
 Issuers are required to submit State Reinsurance Program Carrier Accountability Reports annually for the preceding year, in which they document their actions to manage the costs and utilization of enrollees whose claims are reimbursable under the SRP.

21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.

	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	N/A	HHS does not modify RA payments in Maryland. However, for 2022 payments the state applied at the state level a "dampening" factor to reinsurance payments to adjust for the interaction with the risk adjustment program. Adjusted payments: CareFirst: \$386,768,672.74 Kaiser Permanente: \$82,396,335.82 UnitedHealthcare: \$15,755,448.35
b. Risk adjustment amount paid by HHS for those claims	N/A	
c. Reinsurance reconciliation (or true-up) amount applied	N/A	

E. POST-AWARD FORUM

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?
 Yes
 No

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23. State website address where Post-Award Forum was advertised

<https://www.marylandhbe.com/policy/reinsurance-program/>

24. Date Post-Award Forum took place

July 14, 2022

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments.

MHBE's Director of Policy and Plan Management, Johanna Fabian-Marks, presented on program performance for PY 2022 and program developments since last year's forum. Johanna shared that, though the reinsurance program has reduced premiums by more than 30% cumulatively since 2018, premiums rose in 2022 by 2.1%. Total individual market enrollment increased, with a 10% increase in enrollees in 2022 compared to 2021. Johanna then discussed the program costs and projected funding.

Johanna presented the estimated 2023 program parameters, which ended up being different than the parameters that were eventually finalized by the Board and included a \$20,000 attachment point, 80% coinsurance rate, and \$250,000 cap, as well as a dampening factor to be determined by the Insurance Commissioner. As noted above, the final attachment point was \$18,500. She also shared MHBE's intent to apply for an extension of the 1332 waiver under which the SRP operates.

Carrier accountability reports were also covered. Kaiser Permanente and CareFirst submitted reports for PY 2019, before United Healthcare was a participating carrier on the individual market; all three participating carriers submitted carrier accountability reports for PY 2020. Johanna shared a summary of the carriers' care management initiatives and other data included in the reports.

Time was allotted for public comment and testimony. One attendee offered testimony in support of MHBE's efforts to make insurance affordable on the Individual Market and expressed approval for MHBE's intent to address the high cost of care through Carrier Accountability Reports.

26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)

Reinsurance Fourth Annual Forum slides and meeting minutes. There were no written submitted comments.

F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION

27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

Yes

No

28. Describe the state's implementation review process.

Maryland produced three quarterly reports, one pass-through funding report, and one annual report to the Center for Medicare and Medicaid Services Center for Consumer Information and Insurance Oversight

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(CCIO). These reports catalog a timely process of how the Maryland State Reinsurance Program functions throughout the plan year.

To support the implementation of oversight of the Maryland Reinsurance program, Maryland adopted state specific regulations surrounding the program (COMAR 14.35.17 State Reinsurance Program). This chapter sets forth the structure, implementation, and eligibility standards for the State Reinsurance Program, as required under Insurance Article, Section 31-117, Annotated Code of Maryland. Regulations were finalized in January 2019.