



State Reinsurance Program Annual Public Forum

July 18, 2023

Meeting Held in person at 750 E. Pratt St., 6th Floor, Baltimore, MD 21202. Video Conference option was available.

Attendees

Ken Brannan
Matt Celentano
Stephanie Klapper
Allison Mangiaracino

MHBE Staff

Johanna Fabian-Marks
Becca Lane
Amelia Marcus

Welcome and Introductions:

Johanna Fabian-Marks, Director of Policy and Plan Management with the Maryland Health Benefit Exchange (MHBE), welcomed the public to the hearing and introduced herself. She identified the federal regulations by which the forum is required and emphasized that the purpose is to allow the public the opportunity for meaningful feedback on the progress of the state reinsurance program (SRP).

Maryland State Reinsurance Program Performance for Plan Year 2023

Ms. Fabian-Marks reported that monthly premiums in Plan Year 2023 remained below their peak from just before the SRP began, although there was an increase of 6.6% in average premiums in 2023. She noted that the increase in 2023 was expected and continues to show that the SRP has established a new baseline for premiums.

Next, Ms. Fabian-Marks compared the premium rates at each metal level of the lowest cost plans in Maryland to the average rates across the U.S. for similar plans, demonstrating that Maryland's rates are roughly 25% to 30% lower. She pointed out that Maryland has the lowest cost bronze and gold plans, and among the top five most affordable silver plans, in the country.

Ms. Fabian-Marks then demonstrated the rate impact of the SRP by carrier, showing that, had the SRP not been in place for 2022, the average premium rates for all carriers would have increased by roughly 52%. By contrast, the carriers offered premium rates under the SRP for 2022 with an average increase of only approximately 6%.

Next, Ms. Fabian-Marks discussed total individual market enrollment in Maryland, showing an increase in enrollment between 2019 and 2023 by about 21%. She shared estimates showing that, had the SRP never been established, total individual market enrollment during 2023 would have been 6% lower.

Ms. Fabian-Marks then discussed projected SRP income and expenses for plan years 2024 through 2028 based on assuming an attachment point set at \$20,000 in 2024 that increases by \$1,000 each year afterward. She pointed out that the early years of the SRP were entirely funded by federal money, allowing the MHBE to save the state money and any remaining federal dollars in the SRP fund. 2022 was the first plan year in which the SRP expenses exceeded total federal and state funding for that year, requiring the use of reserved state funds from prior years. The MHBE anticipates the combination of state and federal funding will exceed the costs of the program in 2023 through 2025. She showed that, should the program remain the same in 2026 through 2028, annual costs would exceed available annual funding from all sources, requiring the SRP to draw down on its reserves. She cautioned that the projections assume that enhanced federal subsidies authorized under the American Rescue Plan Act would end in 2026 and that, should those subsidies be extended, the SRP would be on much stronger footing.

A member of the public asked whether the MHBE has projected the fund balance with the assumption that the American Rescue Plan Act subsidies would be continued. Ms. Fabian-Marks replied that the MHBE has done those projections, now available on their website. She added that the fund balance would likely not decline in that circumstance.

2024 Reinsurance Parameters

Ms. Fabian-Marks discussed the parameters of the SRP for 2024, beginning by describing the regulatory requirement that the Board of Trustees of the MHBE set four distinct parameters: an attachment point, a coinsurance rate, a reinsurance cap, and a market-level dampening factor provided by the Insurance Commissioner if determined necessary by the Board. Following the schedule established in regulation, the final parameters for 2024 are now available.

Next, Ms. Fabian-Marks shared the details of the proposed parameters for 2024. The attachment point has been raised to \$20,000, with a coinsurance rate of 80%, program cap of \$250,000, and a dampening factor to be derived by the Insurance Commissioner.

Program Developments

Ms. Fabian-Marks gave an overview of program developments since the last public forum took place. She explained that the MHBE received approval from the U.S. Departments of Health and Human Services and the Treasury of the waiver extension application allowing the SRP to operate for an additional five years.

Next, Ms. Fabian-Marks described a law passed during the 2022 Maryland legislative session that funds the SRP by extending the 1% assessment on insurance providers through 2028. The law further requires the Maryland Insurance Administration (MIA) to lead a workgroup in consultation with the MHBE to report to the legislature by December 1, 2023, on topics including the impact of the SRP, possible funding sources, appropriateness of the 1% assessment, and potential individual market reforms. She explained that the workgroup met twice in May 2023 and is scheduled to meet again in August 2023.

Carrier Accountability Reports

Ms. Fabian-Marks explained that the MHBE requires carriers to submit an annual report that describes activities to manage the costs and utilization of the enrollees whose claims were reimbursed by the SRP as well as efforts to contain costs. She pointed out that, since carrier data is available on a time lag, those reports that are already submitted cover plan years 2019 through 2021.

Next, Ms. Fabian-Marks described specific information the MHBE is collecting through these reports to support state population health goals around diabetes, behavioral health, asthma, and pregnancy/childbirth. The reports also included data on COVID-19 during 2020 and 2021.

Ms. Fabian-Marks then showed the total enrollees and total payments under the SRP in 2019 through 2021. Each year, the program had more enrollees (rising from roughly 12,000 to 15,000) and paid more claims (rising from roughly \$350 to \$470 million). She pointed out that the largest portion of enrollees whose claims were covered by the SRP were those aged 55 and older. Regarding carriers' care management initiatives, no carrier reported initiatives targeting asthma or pregnancy, but both CareFirst and Kaiser Permanente reported initiatives addressing diabetes and behavioral health. United was new to the market and had no initiatives reaching the reporting threshold of 300 or more enrollees in 2021.

Finally, Ms. Fabian-Marks shared the five most frequent and the five highest-cost conditions among enrollees whose claims triggered the SRP in 2019 through 2021. She pointed out that cancer, diabetes, and HIV/AIDS made up the top three most frequent conditions in all three years. Various cancers made both the most frequent and most expensive lists in all three years, underlining the previously mentioned state health priorities.

Public Comment

Ms. Fabian-Marks then invited any attendee who so desired to offer their comment for the record.

Stephanie Klapper, Maryland Citizens' Health Initiative, offered the following testimony:

Thank you. Maryland Citizens' Health Initiative Education Fund's mission is to advocate for quality affordable health care for all Marylanders. We applaud the reinsurance program in Maryland and everything it has done to stabilize rates here and support its continuation and want to thank the Exchange for its successful implementation of the program. Thinking about stabilizing rates, we also just want to emphasize the importance of the young adult subsidy program, which has been encouraging young adults into the market, which helps stabilize premiums for everyone else. And we would like to bring up that no examination of stabilization of rates would be complete without looking at skyrocketing prescription drug costs. In order to stabilize premiums, we really need to address this, and we're lucky to have the first-in-the-nation Prescription Drug Affordability Board, which is nearly ready to release its plan to set upper payment limits for high-cost drugs for state and local governments. We support the Board being able to have expansion of its authority to set upper payment limits for high-cost drugs for all Marylanders in order to help stabilize the rates. So, thank you for the opportunity to comment and for all your hard work to stabilize rates in Maryland.

Closing

Ms. Fabian-Marks closed the meeting.