State Reinsurance Program Annual Public Forum

July 16, 2024
Meeting Held via Video Conference

Welcome and Introductions:

Becca Lane, Senior Health Policy Analyst at the Maryland Health Benefit Exchange (MHBE) opened the meeting by identifying the federal regulations under which the meeting is required. Ms. Lane stated that the meeting's purpose is to allow the public to comment on the progress of the 1332 waiver. Ms. Lane then reviewed the meeting's agenda.

Maryland State Reinsurance Program Performance for Plan Year 2024

Ms. Lane began the discussion by reviewing trends in premium rates from 2014-2024. She reported that rates have been rising modestly since the full realization of Maryland's State Reinsurance Program (SRP) in 2021. Ms. Lane identified a 4.6% increase in premium rates in 2024, though rates remain over 20% below their peak in 2018.

Ms. Lane then compared current premium rates to the average lowest cost premiums in the United States. She reported that Maryland's lowest cost plans are 25-30% lower than the nationwide averages.

Next, Ms. Lane estimated the effects of the SRP on premiums by a variety of insurance carriers. Without the SRP, premium rates would have increased by an estimated 47.7% in 2024, but with the program, have only increased by 4.7%.

Ms. Lane then demonstrated the impact of the SRP on enrollment. On-exchange enrollment is up 36%, and combined on- and off-exchange enrollment is up 32.8%, since the program was enacted in 2019. Ms. Lane emphasized that growth cannot be attributed entirely to the SRP because of enhanced premium tax credits, the American Rescue Plan Act, and the Medicaid public health emergency (PHE) unwinding.

Next, Ms. Lane estimated the impact of the SRP on enrollment via count of enrollees. Without the program, enrollment would be 15,460 individuals (6%) lower, according to MHBE.

Ms. Lane then shared the SRP's funding projections through 2028, based on a 2025 attachment point of $21,000, increasing by $1,000 annually. Ms. Lane noted that in years 2019 through 2021, more federal and state funding were allotted than the

program required, allowing MHBE to create a reserve in the SRP fund. In 2022, the program's costs were higher than the amount of state and federal funding available, forcing the SRP to utilize a portion of the reserve funds. In subsequent years, funding has recovered to cover all program costs, but this trend is forecasted to end in 2026. Ms. Lane estimated a drop in federal funding in 2026, which she attributed to the expiration of the enhanced tax credits through the American Rescue Plan Act and prioritization of other state agendas. Ms. Lane shared that, beginning in 2026, the SRP will have to utilize its reserve funds once again, leaving the program with an estimated balance of $288 million by 2028. For reference, the SRP's end-of-year balance was over $450 million in 2023.

2025 Reinsurance Parameters

Ms. Lane then discussed the parameters of the SRP for the upcoming year, 2025. She began the discussion by describing the regulations under which the MHBE must set payment parameters for the program annually. Ms. Lane shared these regulations as follows: 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 of Trustees.

Next, Ms. Lane shared that the MHBE Board had finalized the parameters for 2025, that the attachment point had been raised to $21,000, with a coinsurance rate of 80%, a reinsurance cap of $250,000, and a dampening factor to be assigned by the Insurance Commissioner.

Program Developments Since Last Annual Reinsurance Public Forum

Ms. Lane described the Maryland Access to Care Act, which she referred to as the main development of the SRP in the last year. The Access to Care Act directed MHBE to apply to amend its 1332 Waiver (which facilitates the Reinsurance Program) to allow all Maryland residents to enroll on-exchange, regardless of immigration status. Ms. Lane estimated that, contingent on Federal approval of MHBE's waiver amendment application, new eligibility rules under the act will take effect by November 1, 2025, for 2026 plans.

Next, Ms. Lane shared the key dates in calendar years (CYs) 2024 and 2025 in reference to the section 1332 waiver. Ms. Lane highlighted the MHBE Board meeting on July 15, 2024, at which the Board set 2025 SRP parameters and voted to approve an application to amend the 1332 waiver. She shared that her team had requested a Federal decision on the waiver amendment by the end of 2024, but that the decision could come in February 2025 at the latest.

Carrier Accountability Reports

Ms. Lane explained that insurance carriers who participate in the SRP are required to submit annual accountability reports to MHBE. Accountability reports contain utilization data and information on efforts to contain costs of reimbursement.

Ms. Lane shared that the effectiveness of cost controls is measured using estimated reduction in claims and utilization. Ms. Lane also shared that population health efforts are included in accountability reports.

Next, Ms. Lane discussed the key population health goals targeted in accountability reports. The issues included diabetes, behavioral health, asthma, pregnancy/childbirth, and heart disease. Ms. Lane notified participants that the report templates and instructions for the accountability reports are available on the MHBE website and provided a link to this year's version.

Ms. Lane then provided data regarding the number of people whose claims triggered the SRP and the total SRP payments by carrier for plan years (PYs) 2019 through 2022. She noted that adults aged 55 to 64 years are the largest demographic triggering the SRP, counted by both number of people and total payments. Overall, the rates have increased, both for the number of people whose claims triggered the SRP (from about 11,500 to 15,000) and total SRP payments (from $350 million to $490 million). Regarding PY 2022 Care Management Initiatives, Ms. Lane reported that no carriers had programs to address asthma or pregnancy/childbirth. Both CareFirst and Kaiser Permanente have initiatives to address behavioral health and diabetes. Ms. Lane emphasized that United may have Care Management Initiatives, but the carrier does not meet the reporting threshold, due to limited enrollment.

Next, Ms. Lane shared the most frequent Hierarchical Condition Categories (HCCs) among SRP claims. She reported that diabetes, cancer, and HIV/AIDS were among the top HCCs by utilization in all three years. Ms. Lane then discussed the HCCs with reported highest cost, which included various cancers, heart failure, and sepsis.

Public Comment

Ms. Lane welcomed any questions and public comments from the audience.

Stephanie Klapper with Maryland Citizens Health Initiative recognized the MHBE's efforts with the following statement.

I'd like to commend Maryland Health Benefit Exchange for your incredible work in implementing the reinsurance program and helping to stabilize premiums. It's truly amazing work. That said, I do want to acknowledge that the reinsurance program is most helpful for people who are above the 400% federal poverty level, so I want to also emphasize the importance of programs like the Young Adult Subsidy Program, given that the rates of uninsurance are highest among young adults, and the importance of continuing that program which is now a pilot. It's making a big difference so far in reducing the uninsured and reducing health inequities. In addition, uninsured rates are highest among non-US citizens and Latinos, so I want to emphasize the importance of expanding access to coverage for people in Maryland regardless of immigration status. I'd like to thank the exchange for your work towards submitting the 1332 waiver request in order to open up private health coverage to this group. I know that the reinsurance program is going to be helpful to those who are going to be purchasing coverage in that way. I also want to emphasize the importance of making coverage affordable to undocumented Marylanders by expanding access to subsidies. Finally, I want to raise up the Health Equity Resource Act, which funds the Health Equity Resource Communities, and the importance of that program in reducing health inequities by funding programs across the state that help improve health outcomes and reduce disparities. So, thank you to the Exchange for your tremendous work on reinsurance,

and I just wanted to provide a broader context on how we can really get to quality affordable healthcare for all Marylanders.

Comment

Ms. Lane thanked Ms. Klapper for her comment and, in the absence of other comments, closed the meeting.