April 20, the Maryland Health Benefit Exchange (MHBE) released a draft application for a State Innovation Waiver, starting the 30-day state public comment period.

April 26 – May 10, MHBE held four public hearings across Maryland to present the application to the public:
- Hearing #1: April 26, 2018 (Talbot County Department of Parks and Recreations)
- Hearing #2: May 3, 2018 (Office of the Maryland Health Benefit Exchange)
- Hearing #3: May 7, 2018 (Frederick County Health Department)
- Hearing #4: May 10, 2018 (Charles County Health Department)

Nearly seventy members of the public attended these hearings, many of whom also provided testimony. MHBE also received written testimony from more than thirty respondents regarding the State Innovation Waiver.

The public comment period drew responses from a diverse group including carriers, professional organizations, legislators, advocacy organizations, and consumers.
Support of the State Initiative to Stabilize the Individual Market
- All written comment and spoken testimony received by MHBE during the public comment period expressed universal support to establish the State Reinsurance Program (SRP).

Coordination with the Federal Risk Adjustment Program
- Many stakeholders have expressed concern over potential issuer payments under the SRP and the federal Risk Adjustment program that would be duplicative of the same risk.
  - Both carriers request that Wakely conduct a study to determine the degree of overlap between the two programs, if any.

Establishing a State Reinsurance Program That Will Attract New Entrants
- Many stakeholders expressed that the SRP could be leveraged to create a market environment that is favorable for new entrants. They caution, however, that the program should not be constructed in a manner that would support certain care delivery models over others.

Incentives for Utilization/Care Management and Quality Improvement
- Stakeholders expressed that the SRP should be explored as a tool to increase quality and reward effective utilization/care management.
  - Respondents suggest that the SRP could be used to further the goals of other state initiatives, such as the All-Payer Model and the Medicare Waiver.
May 31, the Maryland Health Benefit Exchange (MHBE) submitted a final application to the U.S. Departments of Health and Human Services and the Treasury.

June 30, MHBE receives analysis from the Wakely Consulting Group on the interaction between Federal Risk Adjustment and the SRP. The analysis finds that there would be a material interaction between both programs if no action is taken.

July 5, MHBE receives notice from waiver application reviewers that the waiver was deemed complete, starting the 30-day federal public comment period.

July 16, MHBE Board of Trustees vote to account for interaction between Federal Risk Adjustment and the SRP through regulation.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>July 26 – August 16</td>
<td>Public hearings on regulations for the State Reinsurance Program begin.</td>
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<tr>
<td>August 15</td>
<td>MHBE submits an amendment to the State Innovation Waiver Application to include state response to stakeholder concern on the interaction between Federal Risk Adjustment and the SRP.</td>
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<tr>
<td>August 22</td>
<td>MHBE receives notice that the State Innovation Waiver to Establish a State Reinsurance Program has been approved.</td>
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<tr>
<td>August 24</td>
<td>MHBE Board of Trustees resolves to account for program interaction between Federal Risk Adjustment and the SRP through equalizing profitability between sick and health members.</td>
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<tr>
<td>September 17</td>
<td>MHBE Board of Trustees votes to release Proposed Regulations for the State Reinsurance Program to the AELR, HGO, and Senate Finance Committees.</td>
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The Maryland Health Benefit Exchange held four public hearings to discuss the State Reinsurance Program (“SRP”) regulations and receive the public’s questions and testimony.

The public hearings were held in two locations to receive as much feedback as possible from the public on the following dates:
- Hearing #1: July 26, 2018 (Office of the Maryland Health Benefit Exchange)
- Hearing #2: August 2, 2018 (Office of the Maryland Health Benefit Exchange)
- Hearing #3: August 9, 2018 (Maryland Department of Transportation)
- Hearing #4: August 16, 2018 (Office of the Maryland Health Benefit Exchange)

MHBE designated topics to be discussed at each hearing in order to organize and facilitate discussion (available at marylandhbe.com)

In total, approximately 30 members of the public attended these hearings, many of whom also provided testimony and 8 respondents submitted written testimony regarding the SRP regulations.

The public comment period drew responses from a diverse group of people, including carriers, professional organizations, advocacy organizations, and consumers.
Administration
- Carriers request that MHBE leverage the EDGE server for the SRP.

Interaction of SRP and Federal Risk Adjustment
- Carriers disagree on the degree to which program interaction should be accounted for.
- A carrier, consumer advocates, and professional organizations support an approach that fully removes program interaction.
- Another carrier, and other groups, support an approach that balances profitability between sick and healthier members.

Existing incentives
- Carriers acknowledge that there are incentives and programs that already exist to encourage issuers to manage cost.
Continued stakeholder engagement
- Inclusion of incentives in reinsurance program
- Chronic Disease and Population Health

Not incorporated at this time
- Value-based benefit design
- Using state reinsurance dollars to fund incentive programs

Complete summary of public testimony is available at [marylandhbe.com](http://marylandhbe.com) on the State Reinsurance Program page.
.03 Eligibility for Receipt of Reinsurance Payments.

- Establishes eligibility standards for payment under the SRP.
- Indicates the health benefit plans that are not eligible to receive payments under the SRP.
  - Ineligible plans include – grandfathered health benefit plans under § 1251 of the ACA, health benefit plans that are not required to comply with the reinsurance assessment under § 6-102.1 of the Insurance Article, group health benefit plans under § 15-1202 of the Insurance Article, short-term limited duration plans identified by § 15-1301, and association health plans identified by § 15-1301.
- Details the Carrier State Reinsurance Program Accountability Report.
  - Purpose of the report is to detail carrier action to manage the costs and utilization of enrollees whose claims are reimbursable under the SRP.
  - Requires submitters to supply information on savings to the SRP, impact of initiatives on rates, and population health initiatives and outcomes.
.04 Calculation of Reinsurance Payments under the State Reinsurance Program.
- Details the payment parameters for the SRP:
  - An attachment point
  - A coinsurance rate
  - A reinsurance cap
  - A carrier-specific dampening factor provided by the Commissioner.
- Details the methodology for determining reinsurance payments under the SRP.
- Provides information on payment adjustments in instances where reinsurance claims are greater than the program funding allocation.

.09 State Reinsurance Program Surplus.
- For benefit year 2019 and after, MHBE will reserve any surplus for claims in future years of the State Reinsurance Program.
Next steps (cont’d)

Process Dates:

– Initial Issue Date: November 9, 2018
– 30-Day Comment Period Ends: December 10, 2018
– Earliest Adoption Date: December 26, 2018
– Final Issue Date: January 4, 2019
Questions?

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