

# Affordability Work Group Report

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# 2020 Affordability Landscape

# 2020 Market Update – Health

- Premium decreases are the greatest for Bronze and Gold plans
- Financial assistance will cover a larger portion of Bronze and Gold plan premiums.

Table 1. 2020 Rate Changes by Metal Level

Metal Level	CF HMO	CF PPO	KP	TOTAL
Bronze	-15.1%	-1.0%	-3.1%	-10.5%
Silver	-15.5%	-0.9%	-4.4%	-8.9%
Gold	-14.8%	-1.7%	-8.6%	-12.3%
Platinum	-	-	-6.3%	-6.3%
<b>TOTAL</b>	-14.7%	-1.4%	-5.0%	-10.3%

# 2020 Rate Scenarios without Financial Assistance

- Premiums are lower for those who do not receive financial assistance but premium affordability issues remain (29% of remaining QHP-eligible uninsured).

Table 2. 2020 Rate Scenarios for the Lowest Cost Plan within each Metal Level with Difference (\$) from 2019, no Financial Assistance.

Household	Income	Bronze (\$)	Silver (\$)	Gold (\$)	(%) Income
21	\$51,000+	\$208.16 (\$25.39 - \$37.00)	\$266.78 (\$6.26 - \$32.83)	\$291.58 (\$27.71 - \$50.71)	4.9% - 6.8%
64	\$51,000+	\$624.48 (\$76.17 - \$111.00)	\$800.34 (\$5.67 - \$98.49)	\$874.74 (\$83.13 - \$152.13)	14.7% - 20.6%
60, 55, 24, 19	\$104,000+	\$1433.19 (\$128.54 - \$254.74)	\$1836.77 (\$43.02 - \$226.04)	\$2007.53 (\$190.88 - \$410.26)	14.7% - 20.8%
40, 38, 16, 14, 8	\$121,000+	\$1022.69 (\$124.75 - \$181.78)	\$1310.69 (\$30.77 - \$217.28)	\$1432.54 (\$136.14 - \$249.13)	10.1% - 14.2%
40, 38	\$68,000+	\$525.07 (\$64.08 - \$93.71)	\$673.35 (\$15.81 - \$82.86)	\$735.95 (\$69.94 - \$127.50)	9.3% - 13.0%

# 2020 Rate Scenarios with Financial Assistance

- Premiums lower for those who receive financial assistance and are enrolled in bronze and gold plans in Kaiser Permanente and CareFirst regions (56% of remaining QHP-eligible uninsured).

Table 3. 2020 Rate Scenarios for the Lowest Cost Plan within each Metal Level with Difference (\$) from 2019 for KP & CF regions, with Financial Assistance.

Household	Income	APTC (\$)	Bronze (\$)	Silver (\$)	Gold (\$)
21	\$25,000	\$171.54 (\$16.86)	\$32.62 (\$16.86)	\$132.30 (\$4.45)	\$120.04 (\$10.85)
64	\$36,000	\$637.64 (\$52.85)	\$4.62 (\$52.85)	\$273.88 (\$15.62)	\$237.10 (\$30.28)
60, 55, 24, 19	\$53,000	\$1815.58 (\$123.88)	\$10.61 (\$2.00)	\$276.35 (\$38.43)	\$191.95 (\$66.90)
40, 38, 16, 14, 8	\$60,000	\$452.22 (\$43.74)	\$73.18 (\$20.34)	\$314.67 (\$12.41)	\$283.73 (\$26.20)
40, 38	\$32,000	\$615.02 (\$43.34)	\$3.89 (\$0.73)	\$151.87 (\$12.01)	\$120.93 (\$26.60)

# 2020 Rate Scenarios with Financial Assistance

- After financial assistance, premiums in CareFirst-only regions (15% of remaining QHP-eligible uninsured) are extremely low.

Table 4. 2020 Rate Scenarios for the Lowest Cost Plan with each Metal Level with Difference (\$) from 2019 for CF-only regions, with Financial Assistance.

Household	Income	APTC (\$)	Bronze (\$)	Silver (\$)	Gold (\$)
21	\$25,000	\$397.12 (\$7.54)	\$1.54 (\$0.29)	\$1.69 (\$0.99)	\$1.69 (\$0.26)
64	\$36,000	\$1314.39 (\$24.86)	\$4.24 (\$1.07)	\$5.08 (\$2.96)	\$4.99 (\$0.78)
60, 55, 24, 19	\$53,000	\$3368.73 (\$59.60)	\$9.72 (\$1.11)	\$11.66 (\$6.78)	\$11.44 (\$1.78)
40, 38, 16, 14, 8	\$60,000	\$1,021.60 (\$20.17)	\$3.89 (\$0.73)	\$4.28 (\$2.48)	\$4.19 (\$0.65)
40, 38	\$32,000	\$1,184.00 (\$20.17)	\$3.56 (\$0.40)	\$4.28 (\$2.48)	\$4.19 (\$0.65)

# 2020 Value Plan Cost-Sharing

Requirements	Bronze	Silver	Gold
Minimum offering	Issuer must offer at least 1 “Value” plan.	Issuer must offer at least 1 “Value” plan.	Issuer must offer at least 1 “Value” plan.
Branding	Value plans have the “Value” designation in their plan marketing name		
Deductibles	Up to \$6200.	Up to \$2500.	Up to \$1000.
Services offered before deductible*	At least three visits for: <ul style="list-style-type: none"> <li>• Primary Care Visit, and/or</li> <li>• Urgent Care Visit</li> </ul>	Offered with copays before deductible: <ul style="list-style-type: none"> <li>• Primary Care Visit</li> <li>• Outpatient Mental Health</li> <li>• Substance Use Disorder</li> <li>• Urgent Care Visit</li> <li>• Specialist Care Visit</li> <li>• Laboratory Tests</li> <li>• X-rays and Diagnostics</li> <li>• Imaging</li> <li>• Generic Drugs</li> </ul>	Offered with copays before deductible: <ul style="list-style-type: none"> <li>• Primary Care Visit</li> <li>• Outpatient Mental Health</li> <li>• Substance Use Disorder</li> <li>• Urgent Care Visit</li> <li>• Specialist Care Visit</li> <li>• Laboratory Tests</li> <li>• X-rays and Diagnostics</li> <li>• Imaging</li> <li>• Generic Drugs</li> </ul>

\*All preventive services are offered before deductible at no charge.

# 2020 Value Plan Landscape

- Value Plans have lower out-of-pocket costs when compared with non-Value plan out-of-pocket costs.

Table 6. Lowest Out-of-Pocket Costs for Certain Scenarios for Value & Non-Value Plans.

Scenarios	Bronze		Silver		Gold	
	Value	Non-Value*	Value	Non-Value	Value	Non-Value
<b>CareFirst</b>						
Having a baby	\$7778	\$4747	\$3380	-	\$3800	\$2720
Managing Type-2 Diabetes	\$6336	\$5130	\$3207	-	\$2004	\$2466
Simple Bone Fracture	\$1900	\$1900	\$1900	-	\$1305	\$1840
<b>Kaiser Permanente</b>						
Having a baby	\$7360	\$6660	\$4900	\$5850	\$3290	\$4140
Managing Type-2 Diabetes	\$6560	\$6610	\$3010	\$3385	\$1960	\$2060
Simple Bone Fracture	\$1900	\$1900	\$1800	\$1850	\$900	\$1750

NOTE: Value Bronze Plans have access to pre-deductible services. Non-Value Bronze Plans are high-deductible health plans with no before deductible services. High-cost episodes or chronic diseases normally exceed the deductible at the bronze metal level.



# 2020 Qualified Health Plan Landscape

Table 7. 2019 – 2020 Deductible and Out-of-Pocket Costs Comparison

Metal Level	Deductible		Actuarial Value		% Rate
	2019	2020	2019	2020	2019 - 2020
<b>Bronze</b>					
CareFirst–HMO	\$7900	\$4000 - \$7900	58.5%	59.9% – 64.9%	-15.1%
CareFirst – PPO	\$7900	\$7900	58.5%	59.9%	-1.0%
Kaiser Permanente	\$6000 - \$6200	\$6000 - \$6200	61% - 61.8%	62.1% - 63.1%	-3.1%
<b>Silver</b>					
CareFirst – HMO	\$3000	\$2250	66.3%	71.8%	-15.5%
CareFirst – PPO	\$3000	\$3000	66.3%	67.6%	-0.9%
Kaiser Permanente	\$2500 - \$6000	\$2500 - \$6000	67.5% - 71.8%	68.2% - 71.9%	-4.4%
<b>Gold</b>					
CareFirst – HMO	\$1750	\$1000 - \$1750	77.9%	78.9% - 79%	-14.8%
CareFirst – PPO	\$1750	\$1750	77.9%	79%	-1.7%
Kaiser Permanente	\$0 - \$1500	\$0 - \$1500	77.2% - 81.4%	77.6% - 81.4%	-8.6%%
<b>Platinum</b>					
Kaiser Permanente	\$0	\$0	88.8%	88.7%	-6.3%

# 2020 Cost of Coverage without Financial Assistance

Table 8. 2020 Yearly Cost of Coverage (Premiums + Deductibles) for the Lowest Cost Plan and Lowest Deductible Plan across Metal Levels without Financial Assistance (29% of remaining QHP-eligible uninsured).\*

Household	Before Tax Income	Lowest Cost Plan		Lowest Deductible Plan	
		% w/ Premium	% w/ Premium + Deductible	% w/ Premium	% w/ Premium + Deductible
21	\$51,000+	4.9% - 6.8%	10.3% - 20.4%	5.3% - 7.2%	7.2% - 13.2%
64	\$51,000+	14.7% - 20.6%	24.0% - 30.2%	16.0% - 21.6%	21.6% - 23.8%
60, 55, 24, 19	\$104,000+	14.7% - 20.8%	26.5% - 31.7%	18.0% - 24.3%	24.3% - 25.6%
40, 38, 16, 14, 8	\$121,000+	10.1% - 14.2%	17.1% - 23.2%	11.0% - 14.9%	14.9% - 17.6%
40, 38	\$68,000+	9.3% - 13.0%	18.1% - 32.5%	10.1% - 13.6%	13.6% - 21.8%

# 2020 Cost of Coverage with Financial Assistance

Table 9. 2020 Yearly Cost of Coverage (Premiums + Deductibles) for the Lowest Cost Plan and Lowest Deductible Plan across Metal Levels with Financial Assistance (KP & CF regions, 56% of remaining QHP-eligible uninsured).\*

Household	Before Tax Income	Lowest Cost Plan		Lowest Deductible Plan	
		w/ Premium	% w/ Premium + Deductible	% w/ Premium	% w/ Premium + Deductible
21	\$25,000	1.6% - 6.4%	6.4% - 33.2%	2.6% - 6.4%	6.4% - 18.6%
64	\$36,000	0.2% - 9.1%	12.8% - 25.8%	1.3% - 10.1%	9.3% - 16.4%
60, 55, 24, 19	\$53,000	0.2% - 6.3%	10.9% - 30.1%	0.2% - 7.3%	6.5% - 15.3%
40, 38, 16, 14, 8	\$60,000	1.5% - 6.3%	6.3% - 27.8%	2.4% - 6.4%	6.3% - 15.7%
40, 38	\$32,000	0.1% - 5.7%	5.7% - 49.5%	0.1% - 5.8%	5.7% - 25.1%

# 2020 Cost of Coverage with Financial Assistance

Table 10. 2020 Yearly Cost of Coverage (Premiums + Deductibles) for the Lowest Cost Plan and Lowest Deductible Plan across Metal Levels with Financial Assistance (CF-only region, 15% of remaining QHP-eligible uninsured).\*

Household	Before Tax Income	Lowest Cost Plan		Lowest Deductible Plan	
		% w/ Premium	% w/ Premium + Deductible	% w/ Premium	% w/ Premium + Deductible
21	\$25,000	< 1.0%	0.1% - 31.7%	< 1.0%	0.1% - 16.1%
64	\$36,000	< 1.0%	5.0% - 22.1%	< 1.0%	2.9% - 11.3%
60, 55, 24, 19	\$53,000	< 1.0%	6.9% - 30.0%	< 1.0%	4.0% - 15.3%
40, 38, 16, 14, 8	\$60,000	< 1.0%	0.1% - 26.4%	< 1.0%	0.1% - 13.4%
40, 38	\$32,000	< 1.0%	0.2% - 49.5%	< 1.0%	0.2% - 25.1%

- Many of the remaining approximately 31,000 FA-eligible, uninsured in this region could enroll in coverage for less than \$250 a year.



# Affordability Work Group Report

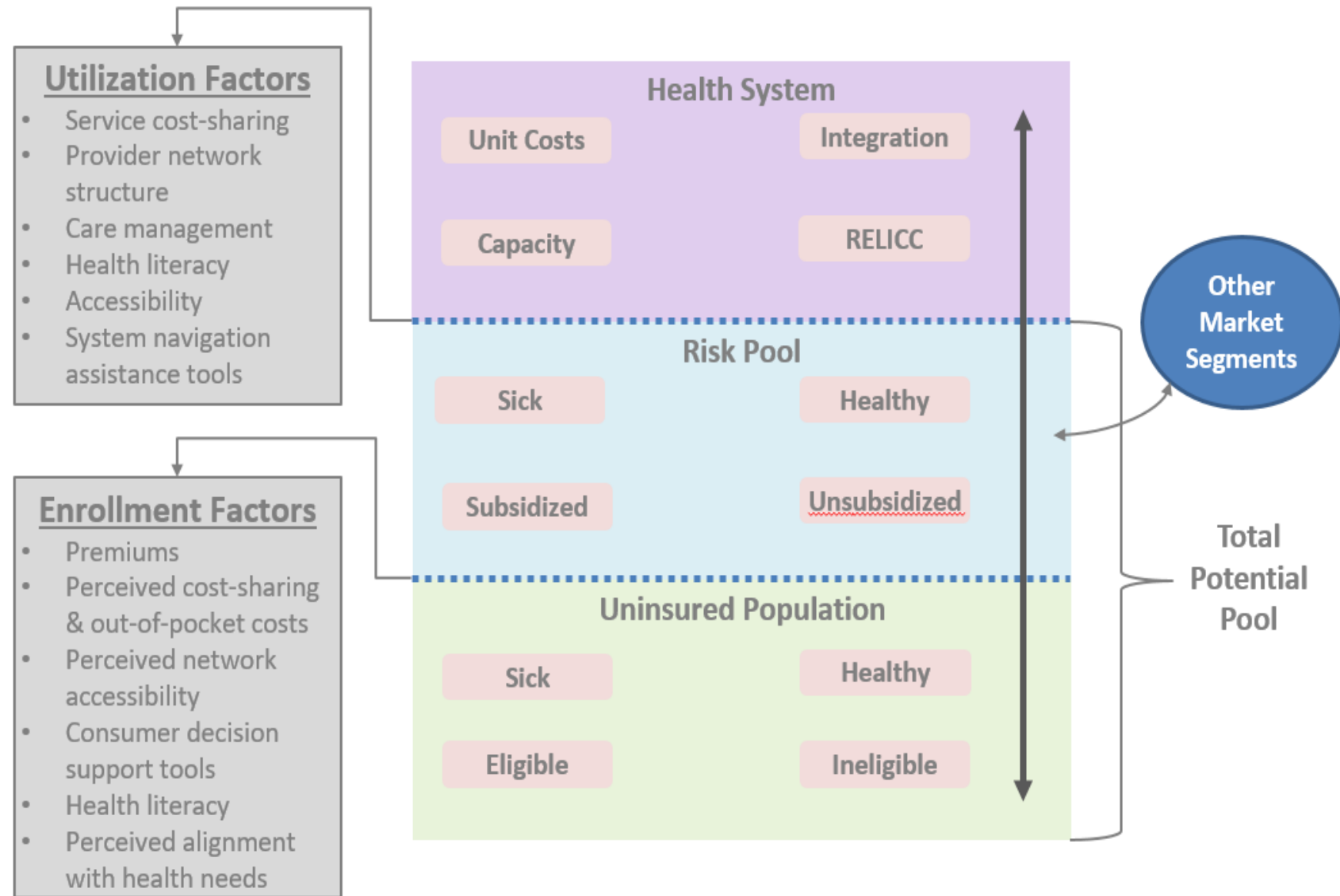
# MHBE Affordability Work Group

- Established under 2020 Plan Certification Standards
- Charged to develop recommendations to:
  - Reduce out-of-pocket costs
  - Maximize affordability for subsidized consumers
  - Maximize affordability for unsubsidized consumers
- Recommendation to consider Young Adult Subsidies with continued State Reinsurance Program
- Final Affordability Work Group Report available at [marylandhbe.com](https://marylandhbe.com)

# Maryland Policy Landscape

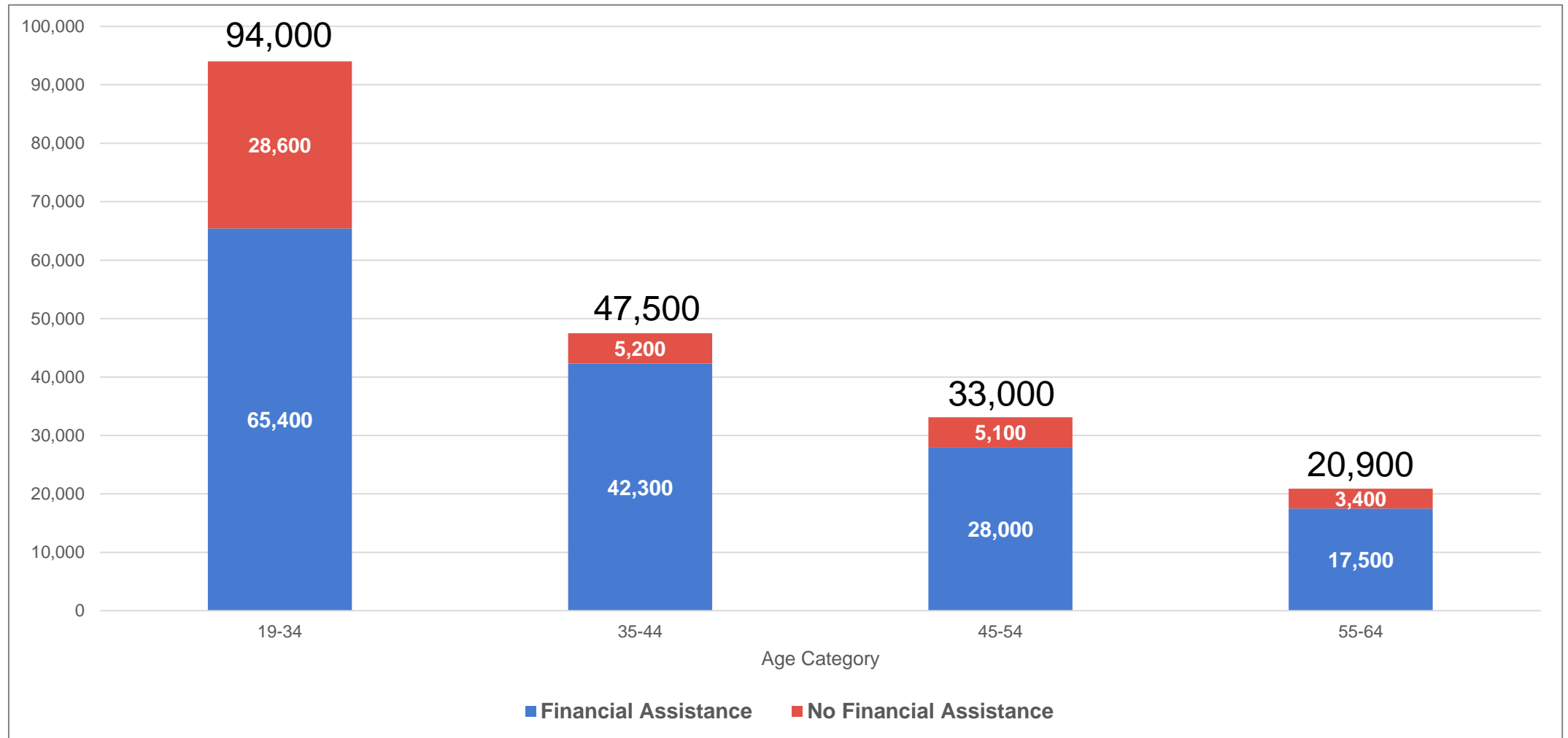
- Establishment of the State Reinsurance Program in 2019 under a State Innovation Waiver
  - Structured to reduce rates by 30% each year
  - Two year cumulative is impact (2019 and 2020) is a 22% rate decrease from 2018 rates
- Implementation of Silver-loading to mitigate cessation of Cost Sharing Reduction Payments
  - Doubled State-wide receipt of premium tax credits
  - Expanded access to zero-cost bronze and gold plans (in some areas)
- Implementation of the Maryland Easy Enrollment Health Insurance Program
  - Facilitated enrollment pathway for uninsured Marylanders into insurance affordability programs at tax filing
- No individual mandate

Figure 1. Factors of health coverage that affect market participation and health systems interaction.





# Chart 1. Uninsured, non-elderly Maryland adults stratified by eligibility for financial assistance.



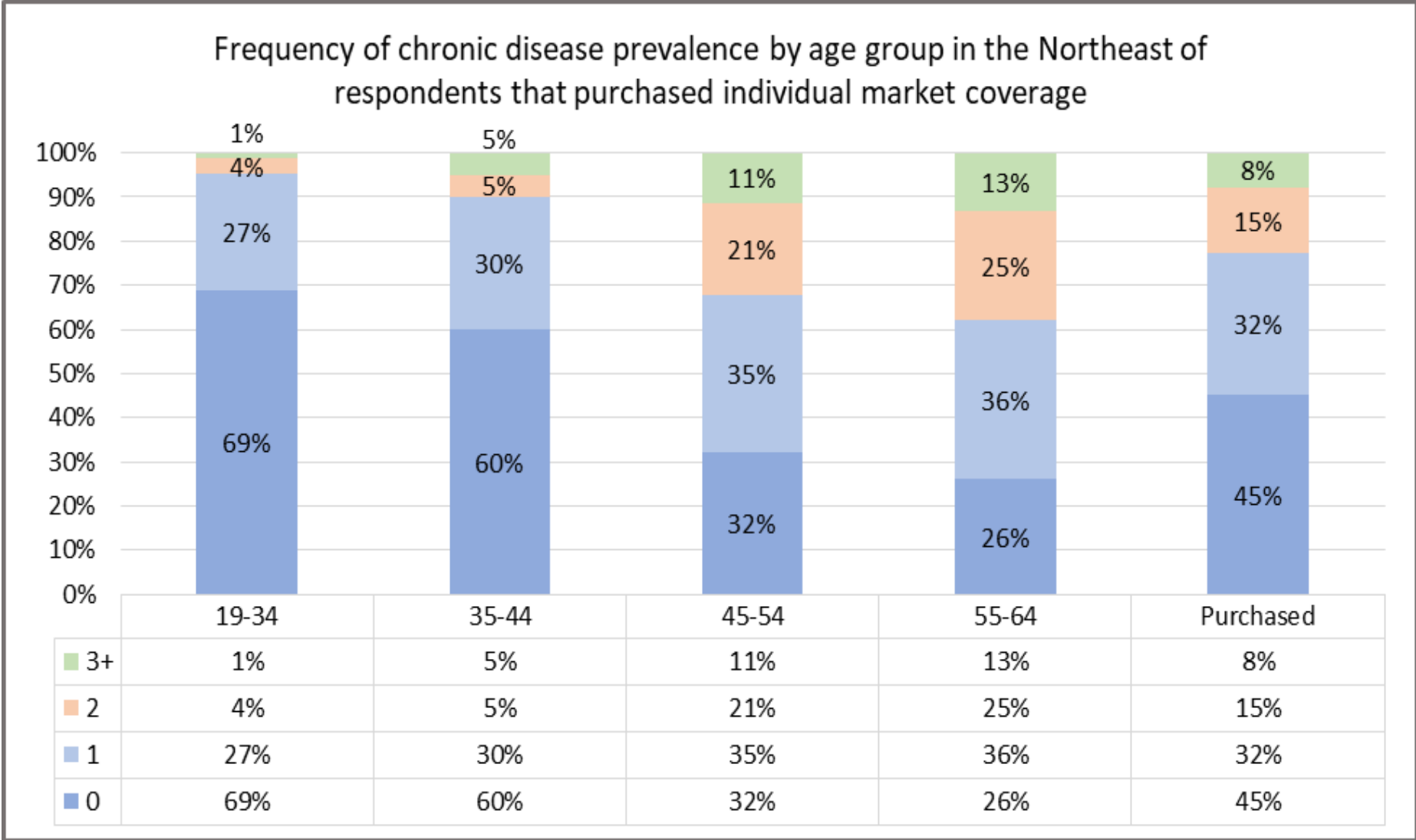
# Young Adult Subsidy

- Young Adults are the largest group (94,000) of the remaining uninsured in Maryland.
- Policy initiatives would increase uptake of health coverage but may be uneven across age groups.
  - Absence of an individual mandate
  - Propensity of enrolling in health coverage lower for Young Adults
- Young Adult Subsidy:
  - Cost per newly insured is lowest for Young Adult Subsidy when compared with other subsidy regimes
  - Positive externality of improving the individual market risk pool, reducing costs for all
- Increases premium affordability for individuals that received less relief under the State Reinsurance Program.

# Young Adult Subsidy State Innovation Waiver

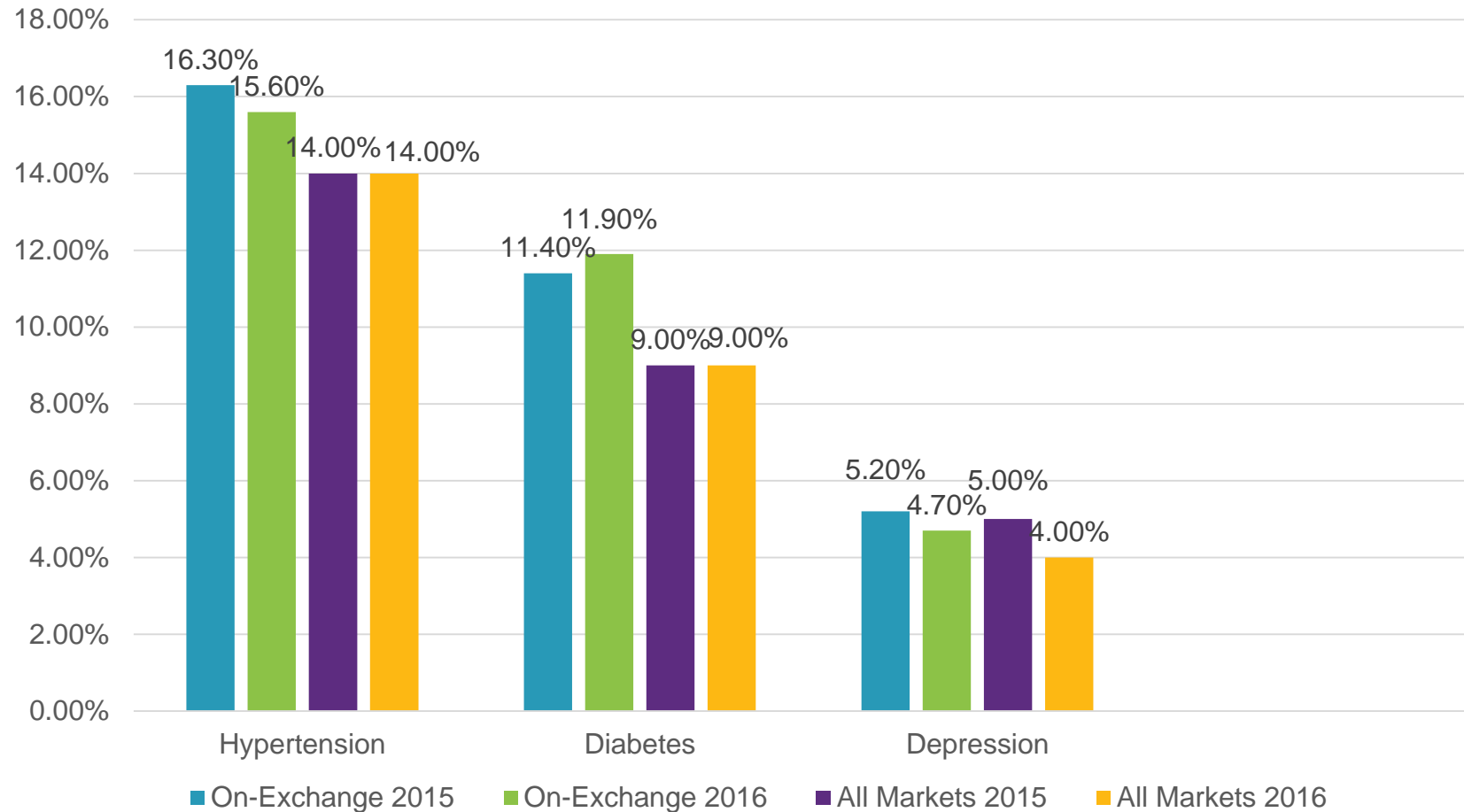
- Potential for a state to receive federal pass through funds if implemented under a State Innovation Waiver.
- States with existing State Innovation Waivers should be mindful of potential interaction between program, ex. reinsurance programs.
- MHBE's Affordability Work Group recommended study be performed to determine whether it would be more advantageous to pair YA Subsidies with, or without, a State Innovation Waiver.

# Chart 2. The prevalence of chronic disease in the individual market by age groups.



SOURCE: Prevalence of chronic disease across age groups. (MHBE 2019)

# Chart 3. 2015 – 2016 Prevalence of Select Conditions.



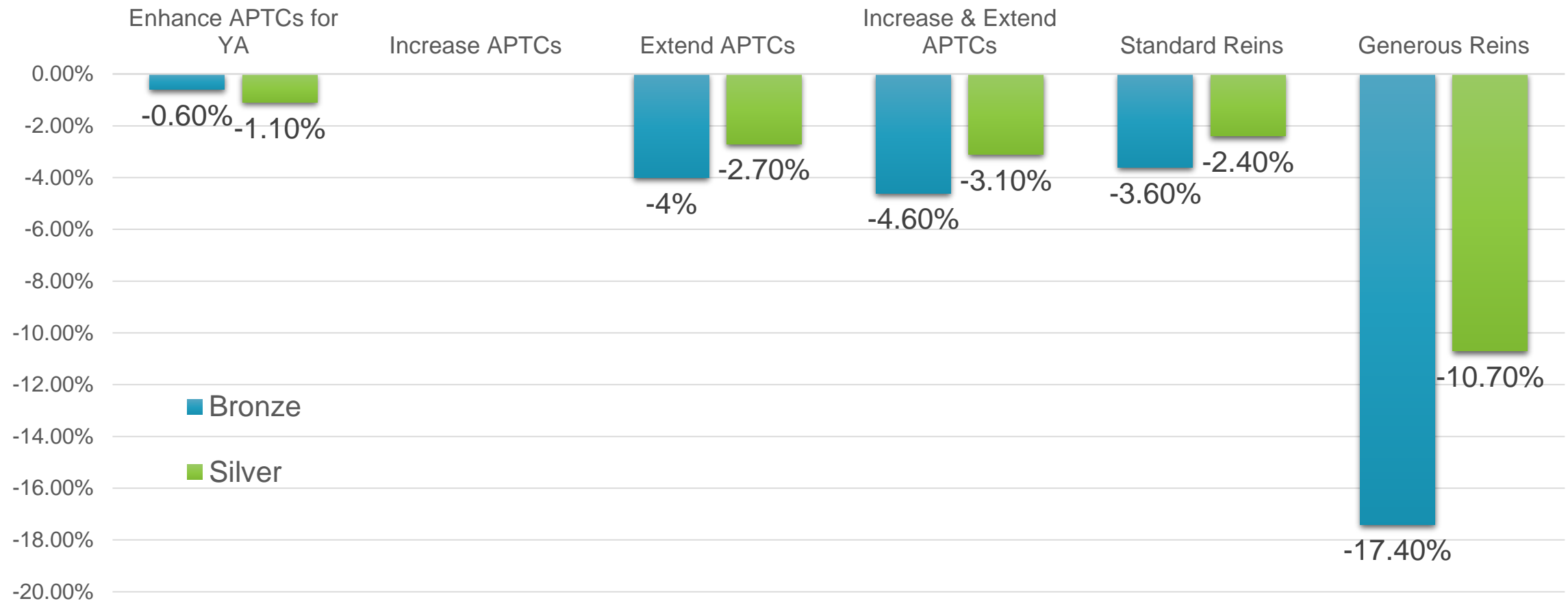
SOURCE: Spending and Use Among Maryland's Privately Insured (MHCC 2018 & 2019)

# State Reinsurance Program and Value Plans

- A continued State Reinsurance Program provides premium stability for Marylanders:
  1. Ineligible for financial assistance due to income (10.3% reduction in 2020).
  2. Individuals with chronic diseases who otherwise may not have access to continuous, affordable coverage (approx. 11,300 members account for \$820M in claims).
- Value Plans lower out-of-pocket costs (see Appendix):
  1. Deductible caps at \$2500 and \$1000 for silver and gold plans.
  2. Increased access to health care services with copays before deductibles apply, e.g. primary care, specialty care, generic drugs, urgent care, etc.

# Chart 4. Generous Reinsurance Could Reduce Bronze Premiums by Around 17 Percent

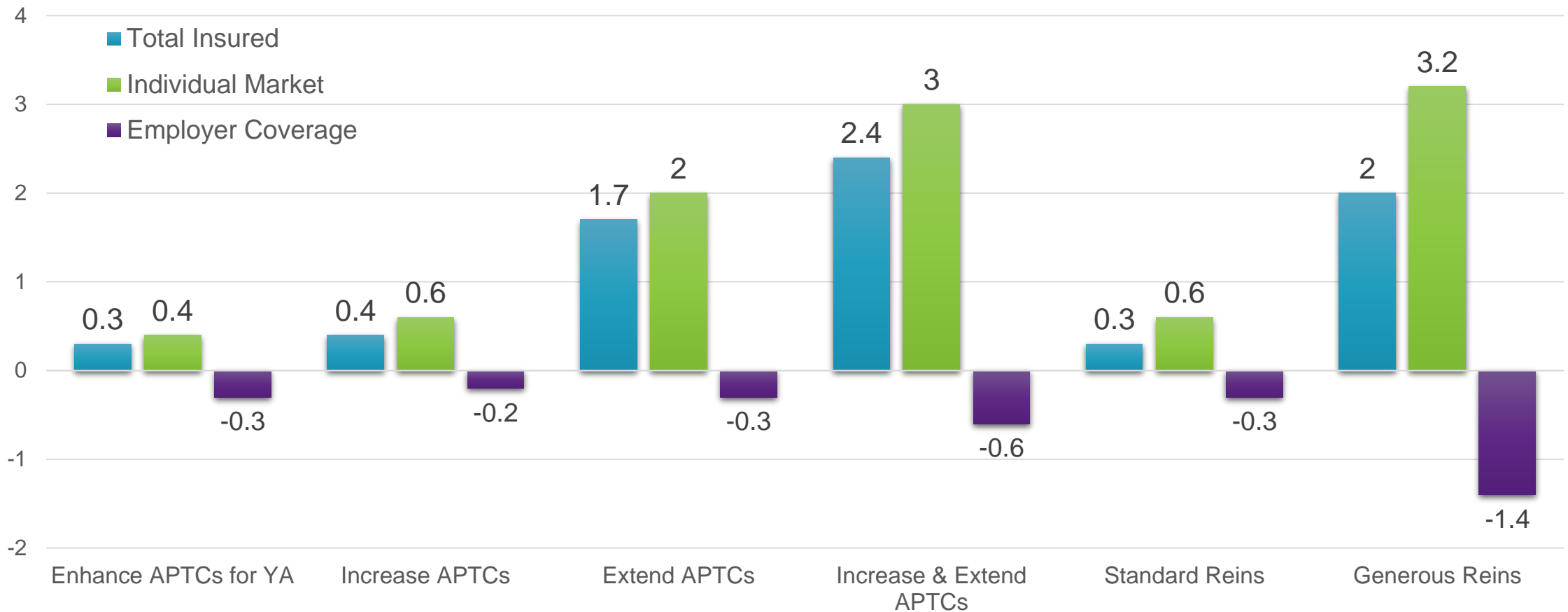
Change in individual market premium relative to current law, 40-year old non-smoker, 2020



Source: Expanding Enrollment Without the Individual Mandate: Options to Bring More People into the Individual Market. (Common Wealth Fund 2019)

# Chart 5. Options Could Expand Individual Market Enrollment by 400,000 to 3.2 million

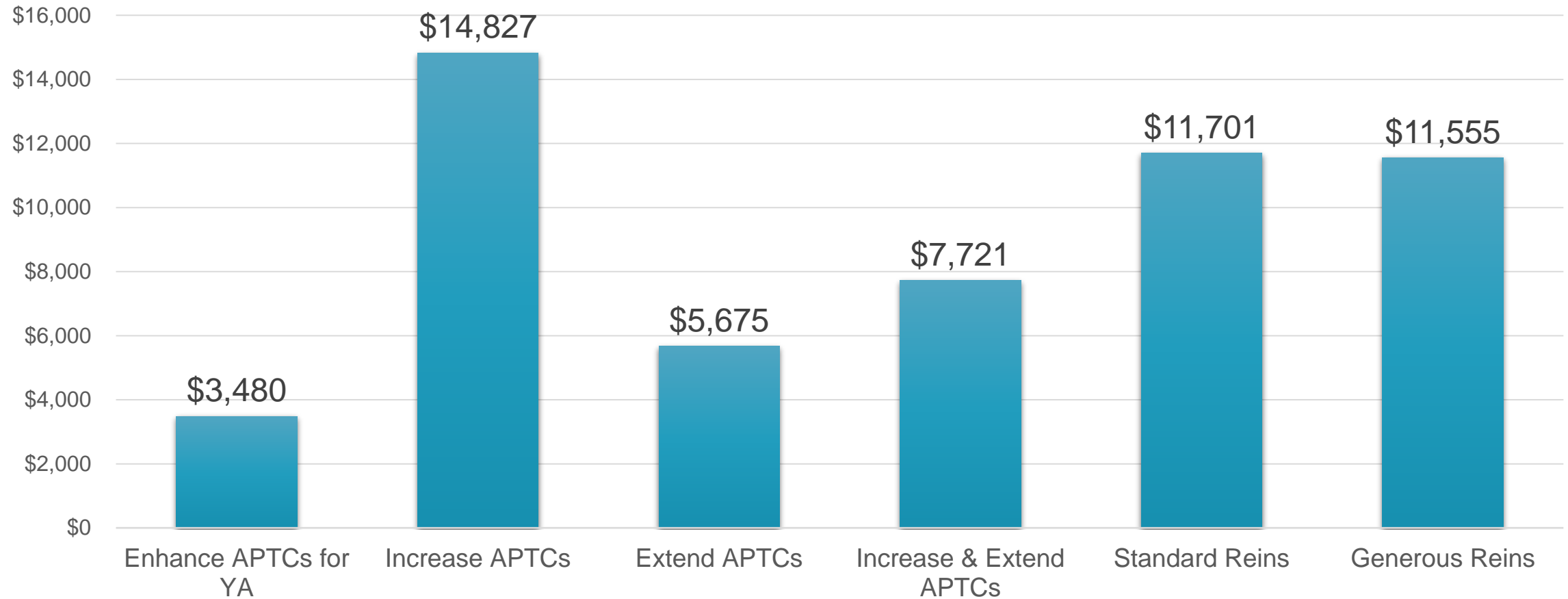
Change in insurance enrollment (millions) relative to current law, 2020



Source: Expanding Enrollment Without the Individual Mandate: Options to Bring More People into the Individual Market. (Common Wealth Fund 2019)



# Chart 6. Taxpayer Cost per Newly Insured is Lowest for the Enhanced Young Adult Tax Credit



Source: Expanding Enrollment Without the Individual Mandate: Options to Bring More People into the Individual Market. (Common Wealth Fund 2019)

# Long-term Maryland Policy Landscape

## Affordability and Enrollment Programs:

1. The State Reinsurance Program will maintain premium stability.
  2. The Maryland Easy Enrollment Program will work to grow the risk pool and increase access to health coverage.
  3. The Young Adult Subsidy will increase participation from an underrepresented age group while improving the health of the risk pool.
- Over time reliance on reinsurance could taper down as fundamentals of the marketplace improve, reducing long term state resource investment while fomenting market stability.
  - Other targeted interventions could maximize marketplace participation with limited resources.

Thank you!



The background features a dark teal color with a pattern of overlapping, semi-transparent circles in a lighter shade of teal, creating a floral or mandala-like effect.

# APPENDIX: Affordability WG

## Table A: Intervention Population #1: Young Adults (18-34)

Sub-Group	Near Term	Long Term
<p>General Women Young Adults with Substance Use Disorder/Behavioral Health needs</p>	<ol style="list-style-type: none"> <li>1. Marketing investment focused on Young Adults</li> <li>2. Value Plans:               <ol style="list-style-type: none"> <li>a. Evaluate the outcomes of the Value Plans</li> <li>b. Marketing investment in Value Plans</li> </ol> </li> <li>3. Consumer Decision Support Tools:               <ol style="list-style-type: none"> <li>a. Development of an Out-of-Pocket Cost Calculator</li> <li>b. Development of a plan shopping experience optimized to display service categories customized by the user, or automatically, by age</li> </ol> </li> <li>4. Development of a health literacy program focused on Young Adults</li> <li>5. Successful implementation of the Maryland Easy Enrollment Health Insurance Program</li> </ol>	<p>Continued marketing investment focused on Young Adults</p>
<p>139% - 400 % FPL Eligible for financial assistance</p>	<ol style="list-style-type: none"> <li>1. A marketing investment focused on Young Adults</li> <li>2. The State should commission a study on a supplemental premium subsidy for Young Adults that does not modify the existing federal tax credit structure. The study should:               <ol style="list-style-type: none"> <li>a. Analyze potential interaction with the State Reinsurance Program, and federal pass through, for the following scenarios:                   <ol style="list-style-type: none"> <li>i. Supplemental premium subsidy w/ an independent funding source</li> <li>ii. Supplemental premium subsidy w/ funding carved-out from the existing premium assessment under Md. INSURANCE Code Ann. § 6-102.</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Establishment of a state-based supplemental premium subsidy for Young Adults:               <ol style="list-style-type: none"> <li>a. Utilizing only state funds or,</li> <li>b. Utilizing state &amp; federal pass-through funds under a 1332 waiver.</li> </ol> </li> </ol>

## Table A: Intervention Population #1: Young Adults (18-34)

Sub-Group	Near Term	Long Term
<p>139% - 400 % FPL Eligible for financial assistance</p>	<ul style="list-style-type: none"> <li>i. Supplemental premium subsidy under i &amp; ii seeking federal pass through under a 1332 waiver</li> <li>a. Estimate required funding amount &amp; identify potential funding sources</li> <li>b. Project impact of the subsidy on the individual market for a five- and ten-year time horizon</li> <li>c. Be updated at a later time to account for the implementation of other policies, i.e. the Maryland Easy Enrollment Health Insurance Program</li> </ul>	<ul style="list-style-type: none"> <li>1. Establishment of a state-based supplemental premium subsidy for Young Adults:               <ul style="list-style-type: none"> <li>a. Utilizing only state funds or,</li> <li>b. Utilizing state &amp; federal pass-through funds under a 1332 waiver.</li> </ul> </li> </ul>
<p>400+% FPL Ineligible for financial assistance</p>	<ul style="list-style-type: none"> <li>1. Continuation of the State Reinsurance Program</li> </ul>	<ul style="list-style-type: none"> <li>1. Continuation of the State Reinsurance Program</li> <li>2. Establishment of a state-based supplemental premium subsidy for Young Adults:               <ul style="list-style-type: none"> <li>a. Utilizing only state funds or,</li> <li>b. Utilizing state &amp; federal pass-through funds under a 1332 waiver.</li> </ul> </li> </ul>

## Table B. Intervention Population #2: Individuals with Chronic Diseases

Sub-Group	Near Term	Long Term
General	<ol style="list-style-type: none"> <li>1. Value Plans               <ol style="list-style-type: none"> <li>a. Evaluate the outcomes of the Value Plans</li> <li>b. Study separate medical &amp; drug deductibles and/or generic drugs before deductible                   <ol style="list-style-type: none"> <li>i. Requirement within Actuarial Value ranges (+2/-4)</li> <li>ii. Impact on the utilization and cost-sharing of other benefit categories</li> </ol> </li> </ol> </li> <li>2. Chronic Disease Management Programs               <ol style="list-style-type: none"> <li>a. Increase participation in these programs through education/health literacy</li> <li>b. Analysis of State Reinsurance Program claims for conditions that are drivers of claims to the SRP and the prevalence of those conditions</li> <li>c. Promotion of those with diabetes, hypertension, and depression into Care Management Programs</li> <li>d. State-wide coordination of chronic disease management programs and measurements across markets &amp; programs (Medicare &amp; Medicaid) including diabetes prevention programs</li> </ol> </li> <li>3. Consumer Decision Support Tools               <ol style="list-style-type: none"> <li>a. Plan shopping experience that is responsive to consumer's unique service category needs</li> <li>b. Prescription Drug Search that relays cost sharing, limitations/ exclusions, prior authorizations, and consumer protections for formulary changes</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Continuation of the State Reinsurance Program</li> </ol>

## Table B. Intervention Population #2: Individuals with Chronic Diseases

Sub-Group	Near Term	Long Term
General	<ul style="list-style-type: none"><li>4. Provider Networks<ul style="list-style-type: none"><li>a. Expansion of care coordination for those with chronic diseases</li><li>b. Expand capacity through telemedicine services</li><li>c. Improve health literacy for the newly insured with provider selection</li></ul></li></ul>	<ul style="list-style-type: none"><li>1. Continuation of the State Reinsurance Program</li></ul>