Maryland Health Insurance Coverage Protection Commission

Senator Brian J. Feldman and Delegate Joseline A. Peña-Melnyk, Co-Chairs

Monday, September 8, 2021, 1:00 p.m.
Virtual

Agenda

I. Major Developments at the Federal Level

- JoAnn Volk, research professor and founder/co-director of the Center on Health Insurance Reforms, Health Policy Institute, McCourt School of Public Policy, Georgetown University

II. Update on the State Reinsurance Program and Implementation of the Young Adult Subsidy Program

- Michele Eberle, Executive Director, Maryland Health Benefit Exchange
- Johanna Fabian-Marks, Director of Policy and Plan Management, Maryland Health Benefit Exchange

III. Closing Remarks

Future Meeting Date

December 9, 2021

Federal and State Health Insurance Policy Updates

JoAnn Volk

Research Professor

Georgetown University Center on Health Insurance Reforms

Georgetown University Health Policy Institute
CENTER ON HEALTH INSURANCE REFORMS

Georgetown University Center on Health Insurance Reforms (CHIR)

Nationally recognized team of private insurance experts

- Part of McCourt School of Public Policy
- Legal & policy analysis
  - Federal and state regulation
  - Market trends
- Published reports, studies, blog posts
- Technical assistance

Overview

- Federal legislative updates:
  - American Rescue Plan Act
  - No Surprises Act
- Administrative Action
  - COVID enrollment opportunities
  - Updates to health insurance rules
- State Action
  - Public Option
  - Easy Enrollment
  - Reinsurance programs

American Rescue Plan

- Enhanced subsidies for all
  - Premium tax credits available to all, regardless of income
    - Eliminated cliff at 400% FPL
  - Subsidies enhanced across all incomes
    - 100% to 150% FPL: $0 premium
    - 300% FPL: 6% of income v. 9.83% income under ACA
    - Expected contribution capped at 8.5% income for highest income

American Rescue Plan

- Extra help for people getting UI
  - Available to anyone who receives unemployment insurance benefits for at least one week in 2021
  - Eligible for marketplace benefits based on income of 100% FPL through 2021
    - $0 premium, enhanced cost-sharing reduction plan (94% actuarial value plan)
  - The premium benefit is retroactive to January 1, meaning eligible individuals can get tax credits for coverage dating back to January 1, 2021 when they file taxes for 2021 and reconcile their PTCs
    - The extra help for cost-sharing is only available prospectively

American Rescue Plan

- Subsidies for COBRA coverage
  - Subsidy to cover 100% of COBRA premium from April 1 to September 30
  - Includes state "mini-COBRA" laws like MD's
  - Does not apply to those who voluntarily terminate employment
- DOL guidance gives flexibility on COBRA election – reopens 60 day window to elect COBRA

No Surprises Act

- Beginning 1/1/22, new federal law bans balance billing for:
  - Emergency services (including air ambulances but not ground ambulances)
  - Non-emergency services provided by out-of-network providers at in-network facilities
- Extends protections to the nearly 135 million in self-insured plans and to those insured in states without their own protections
- Patient responsible only for in-network cost-sharing, which must count toward their in-network deductible and out-of-pocket limit

No Surprises Act

- **Protections do not apply where a patient knowingly and voluntarily agrees to receive care from certain out-of-network providers**
  - Providers can request that a patient provide a signed consent to receive *non-emergency* care from an out-of-network provider or facility
  - Notice must include good-faith cost estimate and identify available in-network options
- **Protections cannot be waived when:**
  - There is no in-network provider available
  - For urgent or unforeseen care
  - Services are delivered by providers in designated specialties, including anesthesiology, pathology, radiology, neonatology and others that may be designated by Secretary through rulemaking

No Surprises Act

- Resolving payment to out-of-network provider:
  - Health plan or insurer can, within certain timeframes, negotiate the payment amount with the provider or facility
  - Failing that, either party can request arbitration through an independent dispute resolution (IDR) entity

No Surprises Act and States

- State DOIs are the primary enforcers of provisions that apply to insurers and fully insured group health plans
  - For payment to out-of-network providers, federal law defers to states with "specified state law" that determines payment amount and to states with an All—Payer Model Agreement
  - State law applies where it is more consumer protective than the federal law (e.g., notice and consent protections)
- For DOL-regulated self-funded plans:
  - Federal arbitration regime applies to payment of out-of-network providers and facilities, as do other provisions of the federal law, including the notice and consent provisions, disclosure of balance billing protections

No Surprises Act: Other Provisions

- Independent dispute resolution for uninsured whose good faith cost estimate "substantially exceeds" the actual bill
- Continuity of Care protections where provider contract ends, guaranteeing certain patients can maintain access to their provider with in-network cost-sharing
- Provider directories: accurate and up-to-date
- APCD funding to states

Administrative Action: Enrollment Opportunities

- COVID Special Enrollment Period (SEP) for Healthcare.gov ran from Feb 15 to Aug 15
  - State-based marketplaces also created SEP
  - Enrollment by 2.5 million in FFM and SBMs, combined, from 2/15 to 8/15
- SEP for loss of COBRA subsidy

Administrative Action: Insurance Rules

- NBPP 2022 part 1 (finalized May 2021):
  - Reversed Trump Admin's revised methodology to calculate annual out-of-pocket limit, saving consumers $400 a year
- NBPP 2022 part 2, pending:
  - Longer OE by 1 month – 11/1 to 1/15
  - New SEP for low income: monthly opportunity to enroll if income less than 150% FPL

Administrative Action: Insurance Rules

- Biden Admin's NBPP 2022 pending: 1332 waiver guardrails
  - Reverse Trump Admin's redefinition of guardrails that would have given states credit for "access to" ACA coverage and give credit for enrollment in non-ACA plans
  - Return to Obama-era guidance requiring waiver applications to take into account the likely effects on vulnerable and underserved residents
  - Did not revisit deficit neutrality guardrail

Administrative Action To Come

- NBPP for 2023:
  - Standardized plans: reinstate them in FFM
    - May look to state experiences to craft plan design (8 states currently require standard plans)
  - Network Adequacy
    - Reinstate federal oversight
    - Potentially revisit standards for ACA marketplaces

State Action: Public Option

- Public option-style laws
  - State action has taken form of privately funded plans that must meet heightened requirements for cost and value
- WA plans available starting this year, in about ½ the state's counties
- CO and NV following WA's lead; all 3 responding to WA's early experience

	Washington	Nevada	Colorado
Market	Individual Marketplace only	Individual market, on and off marketplace; may add small business	Individual and small-group markets, on and off marketplace
Cost-containment	Provider reimbursement caps	Premium reduction targets	Premium reduction targets (growing over time)
Provider participation requirements	Mandatory participation for some hospitals	Mandatory participation for some providers	Provider participation may be ordered
1332 Waiver	Authorized	Authorized	Authorized
Effective Dates	2021	2026	2023

From: "*State Public Option-Style Laws: What Policymakers Need to Know*"
The Commonwealth Fund, July 23, 2021

State Action: Easy Enrollment

- States following MD's lead
  - CO and PA for 2022, VA for marketplace coverage in 2025 (beginning in 2022 for Medicaid)
  - Legislation pending in ME, NJ; was considered in NM this legislative session

See "*State "Easy Enrollment" Programs Gain Momentum, Lay Groundwork for Additional Efforts to Expand Coverage*," The Commonwealth Fund, Aug. 3, 2021.

State Action: Reinsurance

- American Rescue Plan's enhanced subsidies have meant bigger federal payments to states
  - MD will get $140 million more
- If enhanced subsidies are made permanent, what would that mean for state-run reinsurance programs?

Looking Ahead

- Legislation to make enhanced premium subsidies permanent?
- Coverage option in Medicaid gap states
- Federal action on family glitch – legislative or administrative?
- Federal action on public option?

Questions?

CHIR Publications:

www.chir.georgetown.edu

CHIR Blog:

www.chirblog.com

JoAnn Volk

Research Professor

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Health Insurance Coverage Protection Commission Briefing

Michele Eberle, Executive Director

Johanna Fabian-Marks, Director of Policy & Plan Management

September 8, 2021

MARYLAND HEALTHBENEFIT EXCHANGE

Agenda

- State Reinsurance Program Update
  - Background
  - Program Performance Update
  - Program Cost, Funding, and Enrollment
  - Waiver Renewal Timeline
  - Carrier Accountability Reports
- Young Adult Premium Assistance Update

State Reinsurance Program Update

Background: How does the federal 1332 waiver work?

- Reinsurance reduces premiums in the individual market by covering a portion of insurer's claims
- Lower premiums mean that the federal government's costs to subsidize insurance for low- and middle-income people are also lower
- The federal government passes those savings ("federal pass-through funding") to MHBE to spend on the reinsurance program

Parameters	Final 2019	Final 2020	Final 2021	Final 2022
Attachment Point	$20,000	$20,000	$20,000	$20,000
Coinsurance Rate	80%	80%	80%	80%
Cap	$250,000	$250,000	$250,000	$250,000
Dampening Factor	.800	.785	.760	.805

Program Performance Update

Reinsurance Impact: Premium Reductions, Rising Enrollment

Premiums are down more than 30% compared to 2018.

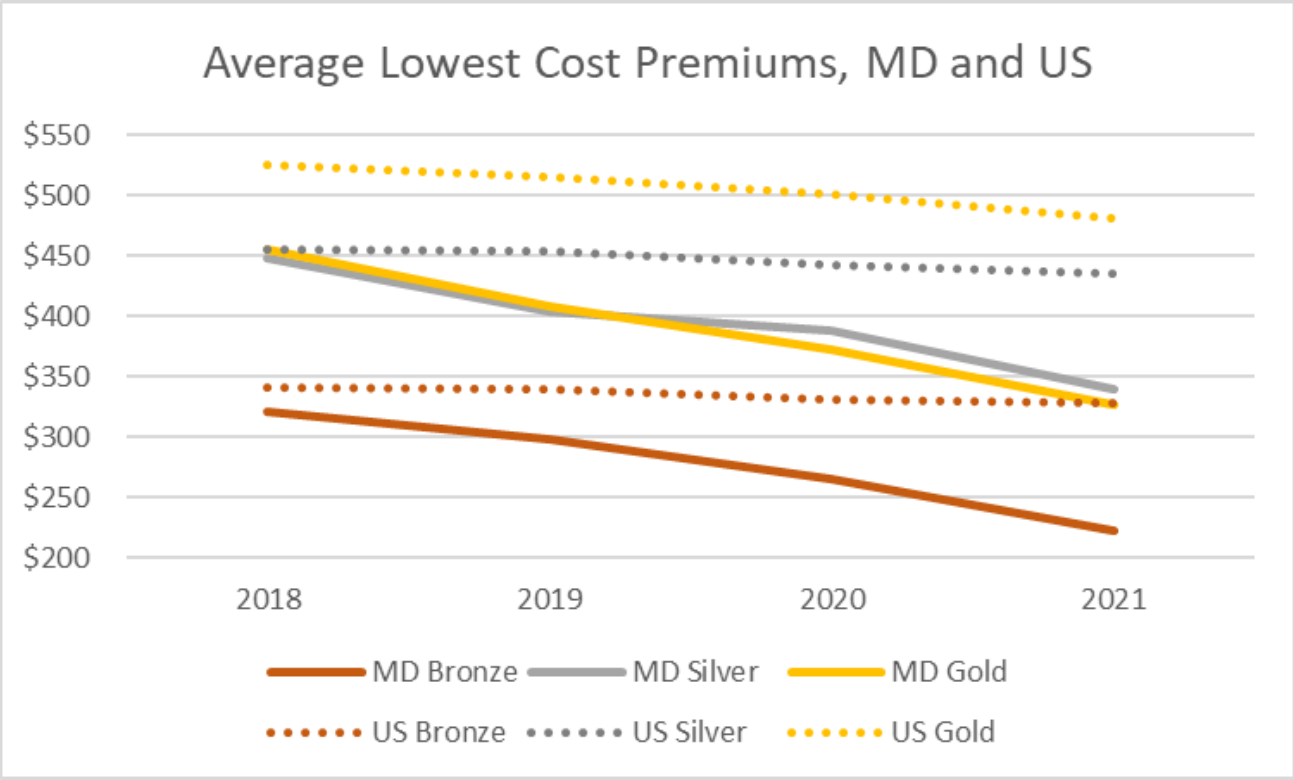
Plan Year	Individual Premium Change
2014	n/a
2015	10%
2016	18%
2017	21%
2018	50%
2019	-13%
2020	-10%
2021	-12%
2022	2.1%

Enrollment Type	March 2020	March 2021	Change
Subsidized On-Exchange	120,000	122,000	2%
Unsubsidized On-Exchange	28,000	38,000	36%
Off-Exchange	52,000	59,000	13%
Total	200,000	219,000	9%

MARYLAND HEALTHBENEFIT EXCHANGE

Maryland Premiums Below National Averages

In 2021, Maryland's lowest cost plans are about 20-30% below US averages, depending on metal level.



*Data from Kaiser Family Foundation, Average Marketplace Premiums by Metal Tier, 2018-2021, https://www.kff.org/health-reform/state-indicator/average-marketplace-premiums-by-metal-tier

MARYLAND HEALTHBENEFIT EXCHANGE

Estimated Effect of the Reinsurance Program on 2021 Premiums

Rate Impact of the SRP by Carrier*

Carrier (Network)	Enrollment (on/off MHC)	2021 Rate Change (w/o Reinsurance)	2021 Rate Change (w/ Reinsurance)
CareFirst (HMO)	135,515	39.4%	-11.9%
CareFirst (PPO)	11,936	56.7%	-17.1%
Kaiser Permanente (HMO)	65,132	23.1%	-11.0%
Total	212,583	35.2%	-11.9%

*Data as of 7/9/21 provided by the MIA

Program Cost, Funding, and Enrollment

2020 Reinsurance Results – Cost and Funding

2020 Program Cost and Federal Funding

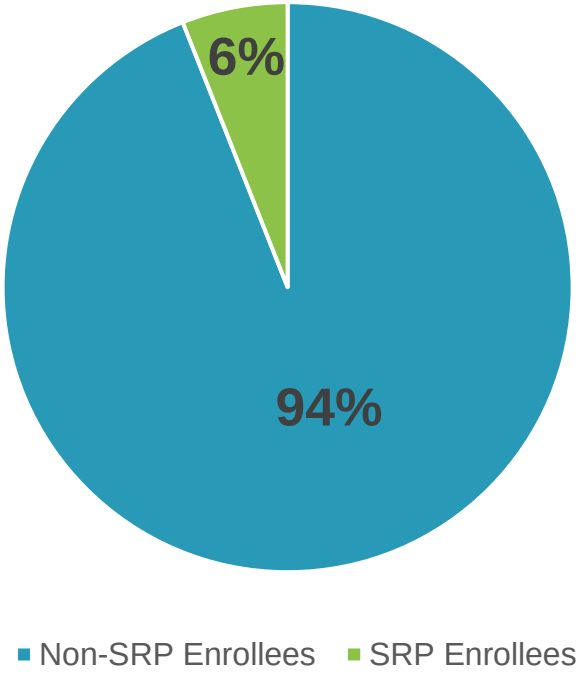
	Summer 2020 Projection (L&E)	2020 Actuals
Cost	$378M	**$400M**
Federal Funding	n/a	**$447M**

MARYLAND HEALTHBENEFIT EXCHANGE

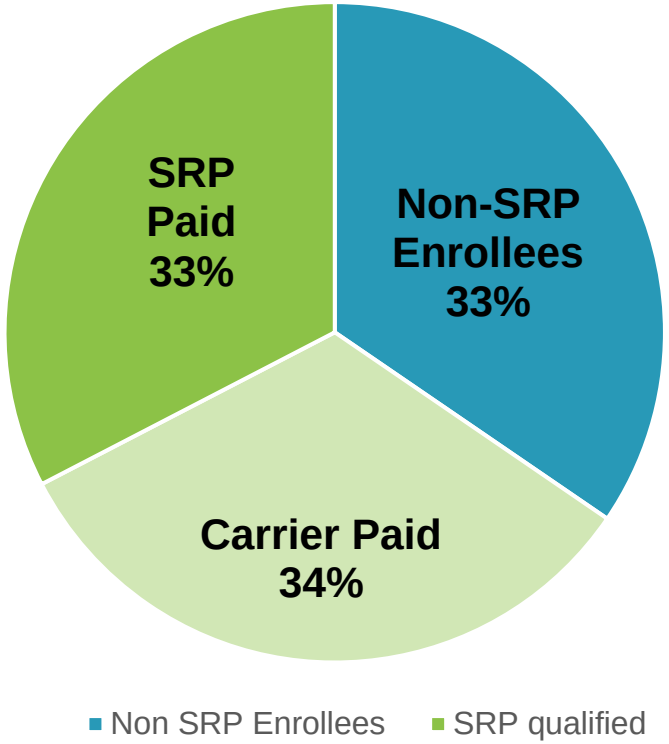
2020 Reinsurance Results – Paid Claims Breakdown

Total paid claims in 2020 were about $1.2B

Enrollee Distribution



Percent of Claim Dollars



MARYLAND HEALTHBENEFIT EXCHANGE

Actual & Projected SRP Fund Expenses and Income: American Rescue Plan Ends After 2022

	2019	2020	2021 Est.	2022 Est.	2023 Est.
SRP Cost	$352,798,597	$400,106,654	$432,632,395	$491,646,596	$505,995,722
Budget Transfer*		$100,000,000	$100,000,000		
YA Subsidy*				$20,000,000	$20,000,000
Health Equity*					$15,000,000
Fed. Funding	$373,395,635	$447,277,359	$474,542,755	$289,191,236	$243,752,593
State Funding	$326,889,258	$118,517,416	$124,158,202	$118,896,671	$125,554,885
End of Year Balance – Fed.	$20,249,819	$67,317,912	$109,228,272	$0	$0
End of Year Balance - State	$326,606,485	$345,229,369	$369,387,571	$375,057,154	**$203,368,910**

*Can only be funded with state dollars.
Cost and funding projections from Lewis & Ellis 10-year projections as of 7/14/21. Cost and funding actuals from CMS and MIA.

Actual & Projected SRP Fund Expenses and Income: American Rescue Plan Continues After 2022

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End of Year Balance - State	$326,606,485	$345,229,369	$369,387,571	$375,057,154	**$260,821,399**

*Can only be funded with state dollars.
Cost and funding projections from Lewis & Ellis 10-year projections as of 7/14/21. Cost and funding actuals from CMS and MIA.

Waiver Renewal Timeline

Reinsurance Program Renewal Timeline

- To amend and extend the existing waiver, the state must submit a **letter of intent at least 15 months** prior to the waiver amendment's proposed implementation date and the **waiver amendment application by the end of the first quarter of the year prior** to the year the amendment would take effect.
- If MHBE were to amend and extend the waiver application, the federal government would need to be **notified by October 1, 2022** and the application would need to be **submitted by March 31, 2023**.

POTENTIAL TIMELINE FOR AN AMENDED 1332 WAIVER	
January-April 2022	General Assembly determines whether to extend state funding for waiver program
March-June 2022	MHBE staff draft letter of intent
July 2022	MHBE Board authorizes MHBE to submit letter of intent to the federal government
September 2022	MHBE submits letter of intent to the federal government
February 2023	MHBE submits the waiver application to the federal government
April 2023	Any necessary legislation related to waiver amendments is finalized by the General Assembly
March-August 2023	MHBE works with CMS to get the application approved
January 1, 2024	New 5-year waiver period begins

Carrier Accountability Reports

2019 Reinsurance Program Carrier Accountability Report

- MHBE regulations require carriers to submit an annual report that describes activities to manage the costs and utilization of enrollees whose claims were reimbursed by the SRP and efforts to contain costs so enrollees do not exceed the reinsurance threshold

- The first annual report covers plan year (PY) 2019
  - CareFirst
  - Kaiser Permanente

- The PY 2019 reports will serve as a baseline. PY 2020 reports will enable initial evaluation of the effectiveness of and savings from carrier activities.

Report Collects the Following

- Carrier's initiatives to manage costs and utilization of enrollees whose claims are reimbursable under the SRP;
- The total population of enrollees whose claims are reimbursable under the SRP, the allocation of these enrollees across each of the initiatives and programs described above, and the allocation of enrollees who do not participate in these initiatives and programs;
- The effectiveness of the initiatives and programs, as measured by the estimated reduction of claims and utilization, and actions the carrier will take to improve on the effectiveness;
- Estimated savings to the SRP and estimated rate impact due to these programs and initiatives, and the methodology used to make these estimates; and
- Outcomes measures for targeted health conditions for individual market enrollment

More on the Reporting Instructions

- MHBE collected specific information on carrier initiatives targeting state population health goals including:
  - Diabetes
  - Behavioral health
  - Asthma
  - Pregnancy/Childbirth

- Reporting instructions and templates are available here and here

Summary of Care Management Initiatives, PY 2019

Carrier	# of Enrollees with Claims Reimbursed by the SRP	Total SRP Payment	Diabetes	Asthma	Behavioral Health	Pregnancy
CareFirst	9,095	$287,919,887	Diabetes Care Management Program Serves 318 (29%) of SRP Members with Diabetes	N/A	Behavioral Health Care Management Program Serves 347 (20%) of SRP Members with a BH Condition	N/A
Kaiser Permanente	2,389	$64,878,710	Diabetes Care Management Program and Diabetes Educational Video Serves 146 (37%) of SRP Members with Diabetes	N/A	N/A	N/A

Top Conditions among SRP Claims

Most Frequent	Highest Cost
Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic
Diabetes	Congestive Heart Failure
Inflammatory Response Syndrome/Shock	Diabetes
Congestive heart Failure	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
Respiratory Arrest, Failure, and Shock	Respiratory Arrest, Failure, and Shock
Asthma and COPD	Asthma and COPD
Specified Heart Arrythmias	Specified Heart Arrythmias
Endocrine and Metabolic Disorders, excluding Congenital Disorders	End Stage Renal Disease
Pregnancy	Non-Traumatic Coma, Brain Compression/Anoxic Damage
HIV/AIDS	Protein-Calorie Malnutrition
Autistic Disorder	Coagulation Defects and Other Specified Hematological Disorders
Major Depressive & Bipolar Disorders	Hemophilia
Drug Dependence	Inflammatory Bowel Disease
End Stage Renal Disease	Autistic Disorder
	Multiple Sclerosis

Next Steps

- Complete analysis of PY 2020 reports.

- Use 2019 and 2020 reports as a basis for conversation with carriers about their care management programs and initiatives to improve outcomes.

- Explore how can we encourage carriers to align care management activities for individual market enrollees with state population health initiatives and focus on conditions that are driving reinsurance payments and involve potentially preventable costs.

Young Adult Premium Assistance Update

Implementation Status Update

- **2022 eligibility and payment parameters**
  - April 19: 2022 proposed parameters adopted by the Board, followed by a public comment period on the proposal. All commenters supported the parameters as proposed.
  - May 17: Final parameters adopted by the Board.
- **Implementing regulations**
  - June 16: Draft proposed regulations shared with stakeholders for informal 30-day comment period
  - Sept. 10: Proposed regulations will be published in the Maryland Register
  - Oct. 12: 30-day comment period ends
  - November 15: Board vote to adopt final regulations
  - December 17: Final regulations published in Maryland Register
- **System updates**
  - Young adult premium assistance will be displayed on MHC during open enrollment
  - Premium assistance will be automatically applied for eligible renewing enrollees

Appendix

Reinsurance Payments By Carrier & Impact of the Dampening Factor

	2019				2020			
	Without Dampening Factor		With Dampening Factor		Without Dampening Factor		With Dampening Factor	
CF HMO	$210,706,310	60%	$206,560,535	59%	$248,263,639	62%	$249,548,894	62%
CF PPO	$77,213,578	22%	$60,674,198	17%	$84,828,780	21%	$67,555,718	17%
Kaiser	$64,878,710	18%	$85,563,864	24%	$67,014,236	17%	$83,002,043	21%
Total Market	**$352,798,597**	100%	$352,798,597	100%	**$400,106,654**	100%	$400,106,654	100%

MARYLAND HEALTHBENEFIT EXCHANGE

2022 Young Adult Premium Assistance Program Parameters

Eligibility

- Age: 18-34 (18 or older; younger than 35)
- Income: 138% to 400% FPL
- Eligible to enroll through MHC
- Enrolled through MHC
- Enrollment cap if projections indicate that budget may be exceeded

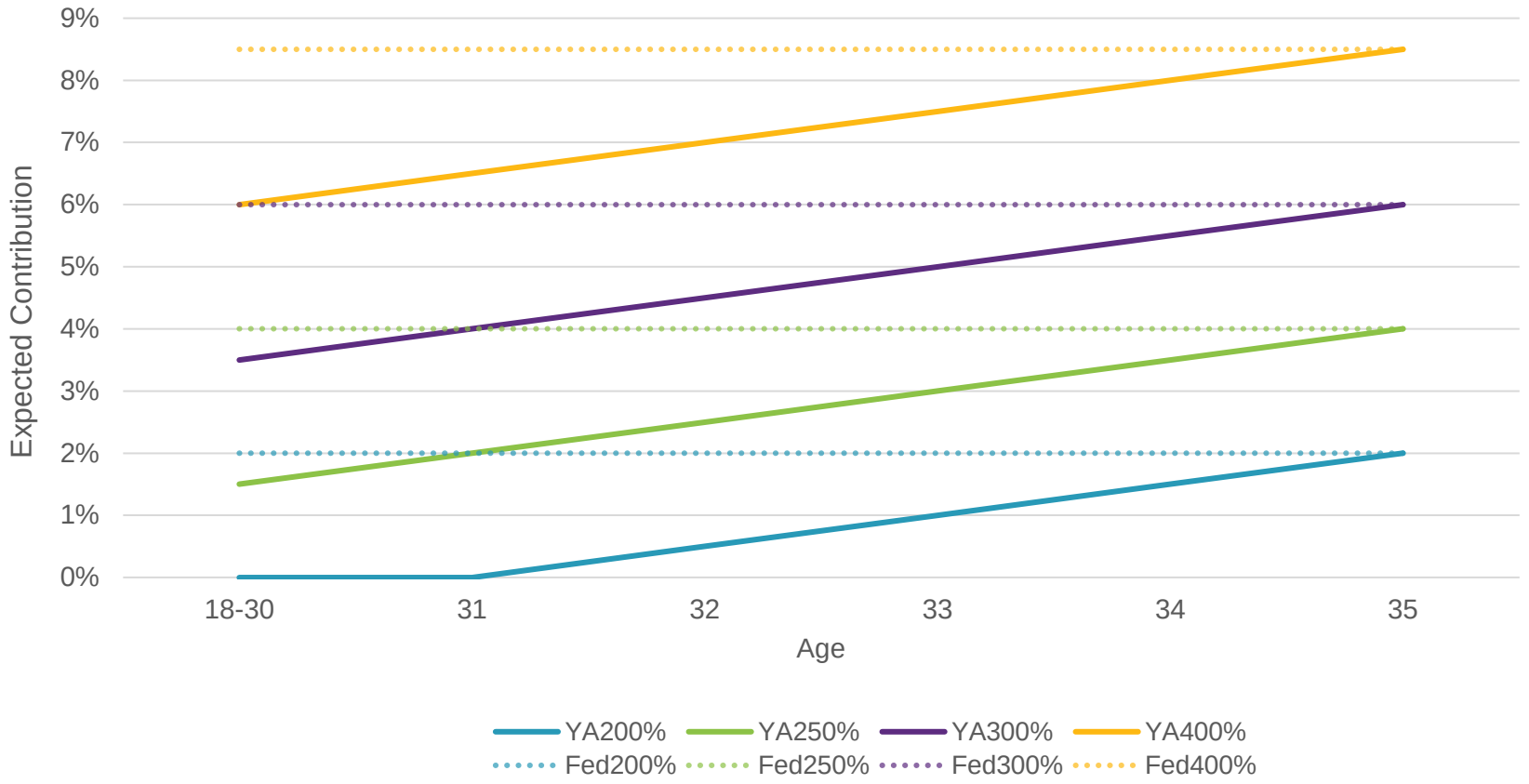
Subsidy Design

- Reduce the maximum expected contribution by 2.5% between ages 18 and 30
- For ages 31 to 35, reduce the 2.5% reduction by 0.5% each year
- Projected 2022 cost: $17M (funding allocated: $20M)

Expected Contribution (EC) for Benchmark Plan

% FPL	Federal EC	MD Young Adult EC					
		18-30	31	32	33	34	35
		-2.5%	*-2.0%*	*-1.5%*	*-1.0%*	*-0.5%*	*-0.0%*
≤150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200	2.00%	0.00%	0.00%	0.50%	1.00%	1.50%	2.00%
250	4.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%
300	6.00%	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%
400	8.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%

MD Young Adult Expected Contribution Levels by FPL, Compared to Federal Levels



MARYLAND HEALTHBENEFIT EXCHANGE

Young Adult Premium Assistance Example: 28-year-old in Baltimore City

Benchmark Plan Monthly Premium After APTC	
Income	$31,900
FPL	250%
Federal EC	4.00%
SLCSP cost	$293
APTC	$187
State Subsidy	n/a
Net Premium	**$106**

Benchmark Plan Monthly Premium After APTC + State Subsidy	
Income	$31,900
FPL	250%
State EC	1.50%
SLCSP cost	$293
APTC	$187
State Subsidy	$66
Net Premium	**$40**

MARYLAND HEALTHBENEFIT EXCHANGE