Maryland Health Insurance Coverage Protection Commission

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

Tuesday December 8, 2020, 2:00 p.m.
Virtual

Agenda

I. Recommendations on Adopting a State-based Subsidy Program for the Individual Market

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

II. Impact of COVID-19 on Open Enrollment

- Michele Eberle, Executive Director, MHBE
- Johanna Fabian-Marks, Director of Policy and Plan Management, MHBE

III. Discussion

- Actuarial study on pursuing a Medicaid-Buy-in Program
- MHBE recommendations on individual subsidies
- Extending the State Reinsurance Program and funding
- Connecting the Easy Enrollment Program and Unemployment Insurance Program

IV. Closing Remarks

MHBE Presentation to the Health Insurance & Coverage Protection Commission:

State-Based Individual Market Subsidy Program Report & COVID-19 Impact on Enrollment

Michele Eberle, Executive Director
Johanna Fabian-Marks, Director of Policy & Plan Management

December 8, 2020

MARYLAND HEALTHBENEFIT EXCHANGE

Agenda

1. State-Based Individual Market Subsidy Program Report
    - Background
    - Reinsurance Program
    - Remaining Uninsured in Maryland & Potential Target Populations for an Individual Market State Subsidy
    - Individual Market State Subsidies: Designs and Modeling
    - Individual Subsidy Work Group Recommendations
    - Conclusion
2. COVID-19 Special Enrollment Period (SEP) & Impact on Total Enrollment

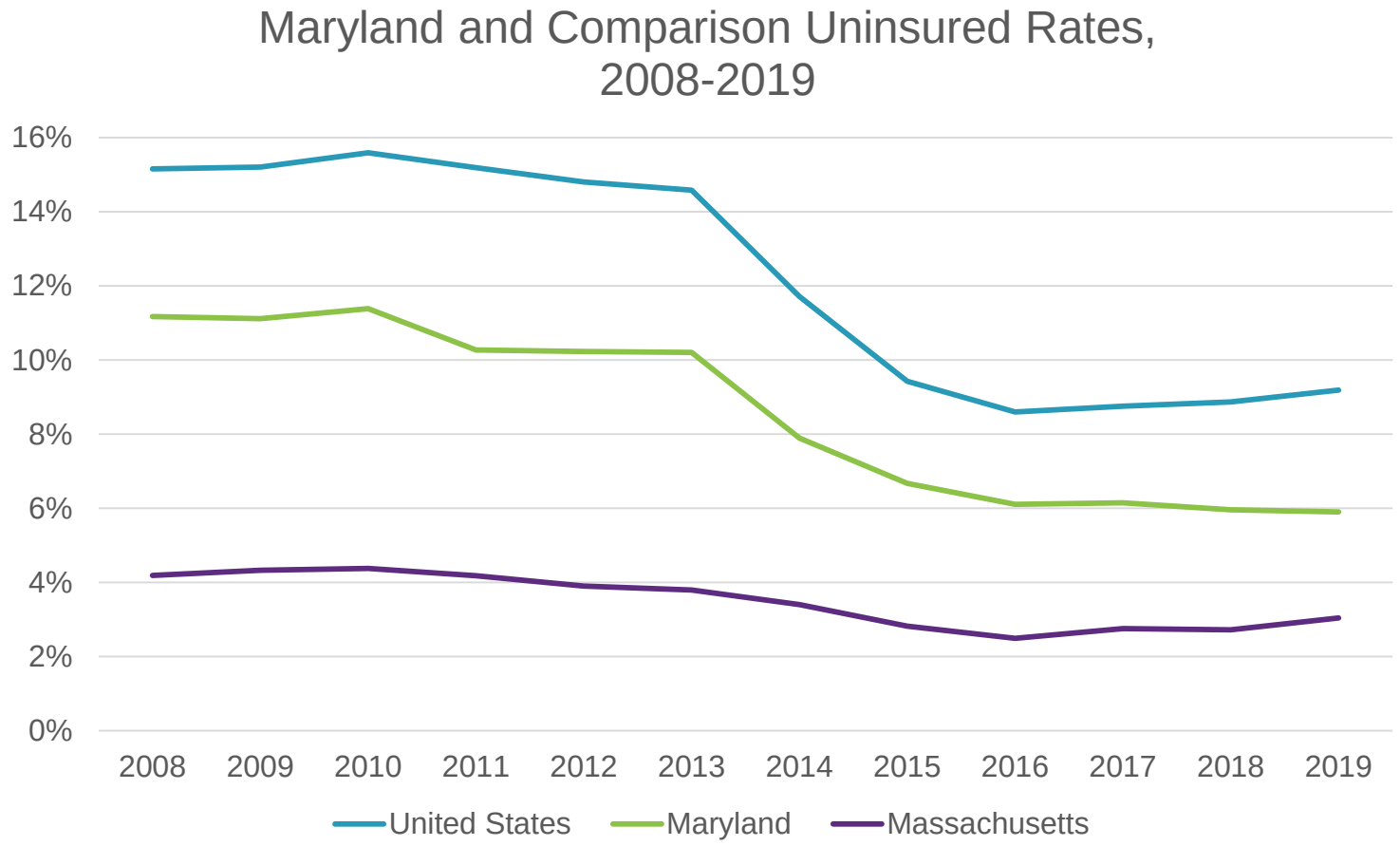
State-Based Individual Market Subsidy Program Report

Background

- SB 124/HB 196 (2020) requires MHBE to submit a report to the Senate Finance Committee and the House Health and Government Operations Committee on the potential design, implementation, and effects of establishing state-based individual market health insurance subsidies in Maryland, as well as an analysis of the appropriate allocation of available funding between subsidies and reinsurance.
- MHBE worked with Lewis & Ellis Actuarial Consultants (Lewis & Ellis), in consultation with the Maryland Insurance Administration (MIA), to model the design and impact of state subsidies on the populations targeted, the individual market overall, and the reinsurance program.
- Lewis & Ellis produced a report detailing their evaluation, which MHBE published for public comment from October 2 – November 2, 2020.
- To gather additional feedback on the proposed subsidy designs, MHBE formed a work group that met virtually, from October 7-November 12, 2020 on a weekly basis.
- On December 1, 2020, MHBE submitted the required report, which incorporates the Lewis & Ellis analysis, public comments, and work group report.

Maryland's Uninsured Rate

- Maryland's uninsured rate has been flat at about 6% since 2016.
- That's better than the national average, but about double the rate in Massachusetts, which has the lowest uninsured rate nationally.
- How can we continue to drive down the uninsured rate?



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Reinsurance Program

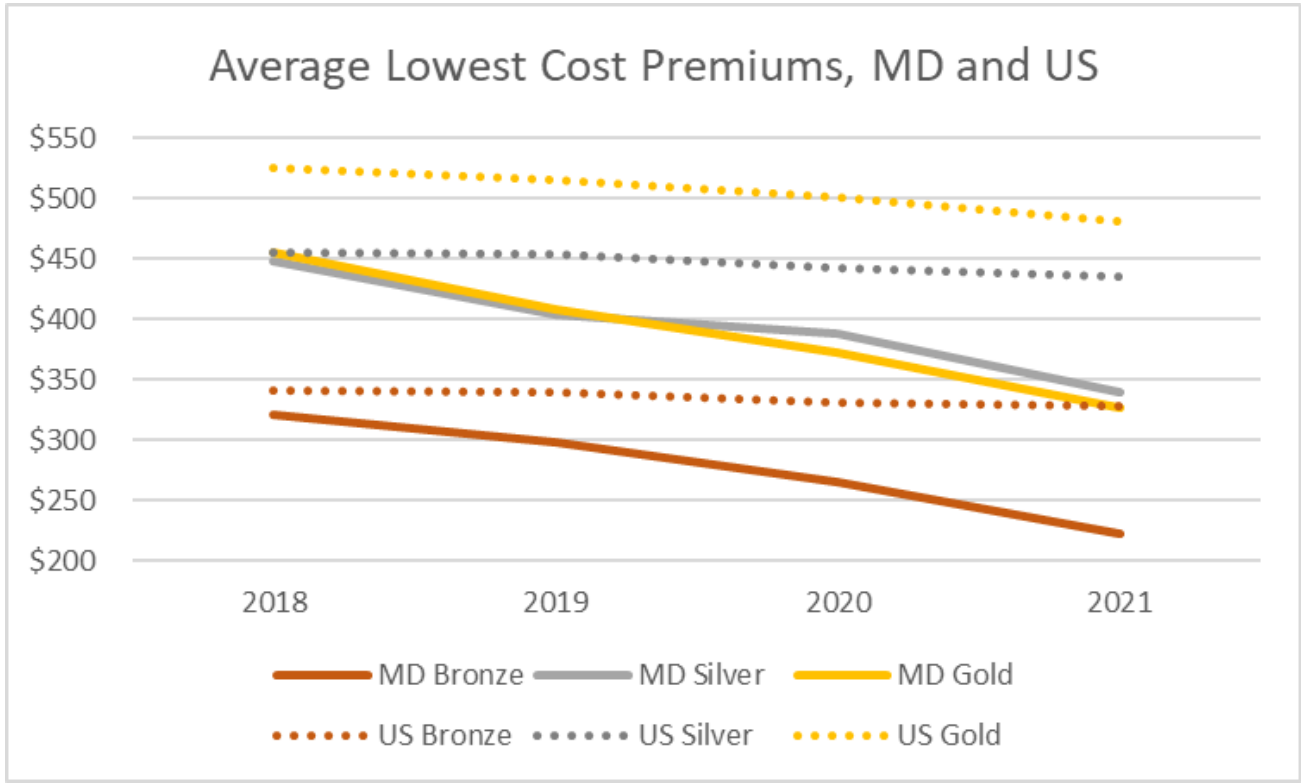
Background: How does the federal 1332 waiver work?

- 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

The Reinsurance Program Has Successfully Reduced Premiums

- Monthly premiums are down an average of 11.9% for 2021, and more than 30% compared to 2018
- In 2021, Maryland's lowest cost plans will be about 20-30% below US averages, depending on metal level

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



Data from Kaiser Family Foundation, "Average Marketplace Premiums by Metal Tier, 2018-2020", available at https://www.kff.org/health-reform/state-indicator/average-marketplace-premiums-by-metal-tier

*This reflects increases to on-exchange silver plan premiums to adjust for the fact that the federal government stopped making cost-sharing reduction payments. Absent this adjustment, the average premium change would have been 28%. The additional increase is largely born by higher APTCs from the federal government rather than paid directly by consumers.

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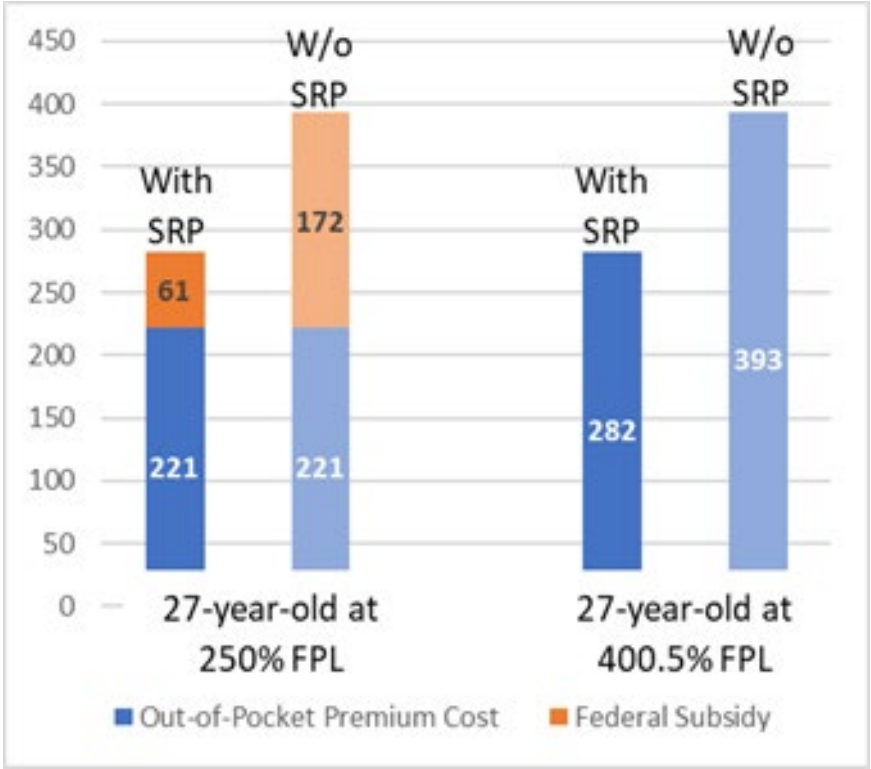
But Not Everyone Feels the Benefit of the Reinsurance Program

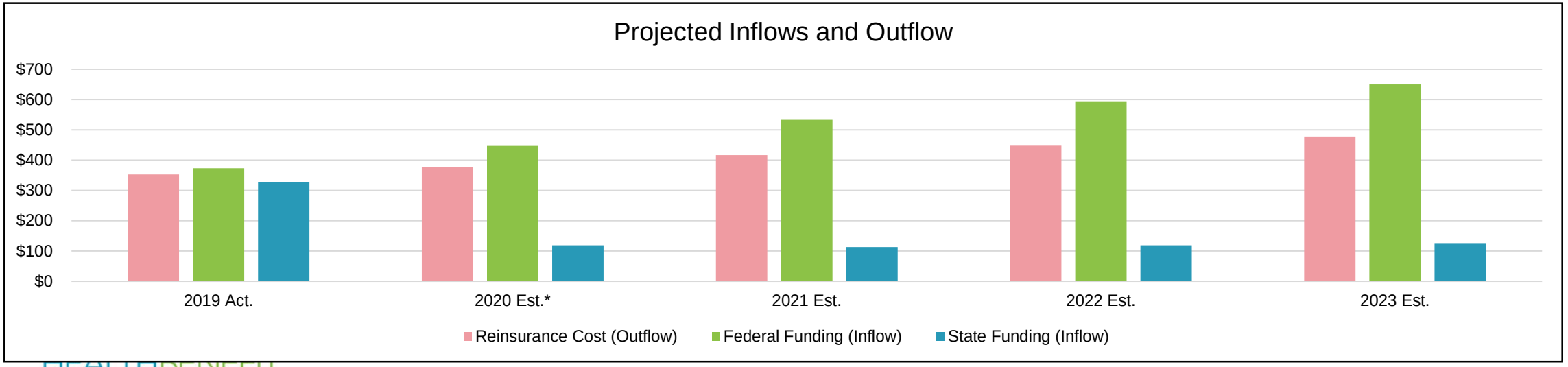
- The benefits of the reinsurance program are primarily felt by households earning >300% FPL and particularly households earning >400% FPL (about $51,000 for an individual or $105,000 for a family of four), who earn too much to qualify for federal premium subsidies
- Because of the way the federal subsidy structure works, reductions in premiums resulting from the reinsurance program are not typically felt by individuals at lower FPLs.
- As a result, the reinsurance program is not an effective way to reduce premiums for individuals at lower FPLs, or to target subsidies towards specific populations such as young adults.

Comparison of 2021 Benchmark Plan Monthly Out-of-Pocket Premium Cost for 27-Year-Old in Baltimore City at 250% and 400.5% FPL, With and Without the Reinsurance Program



Reinsurance Program Funding Sources

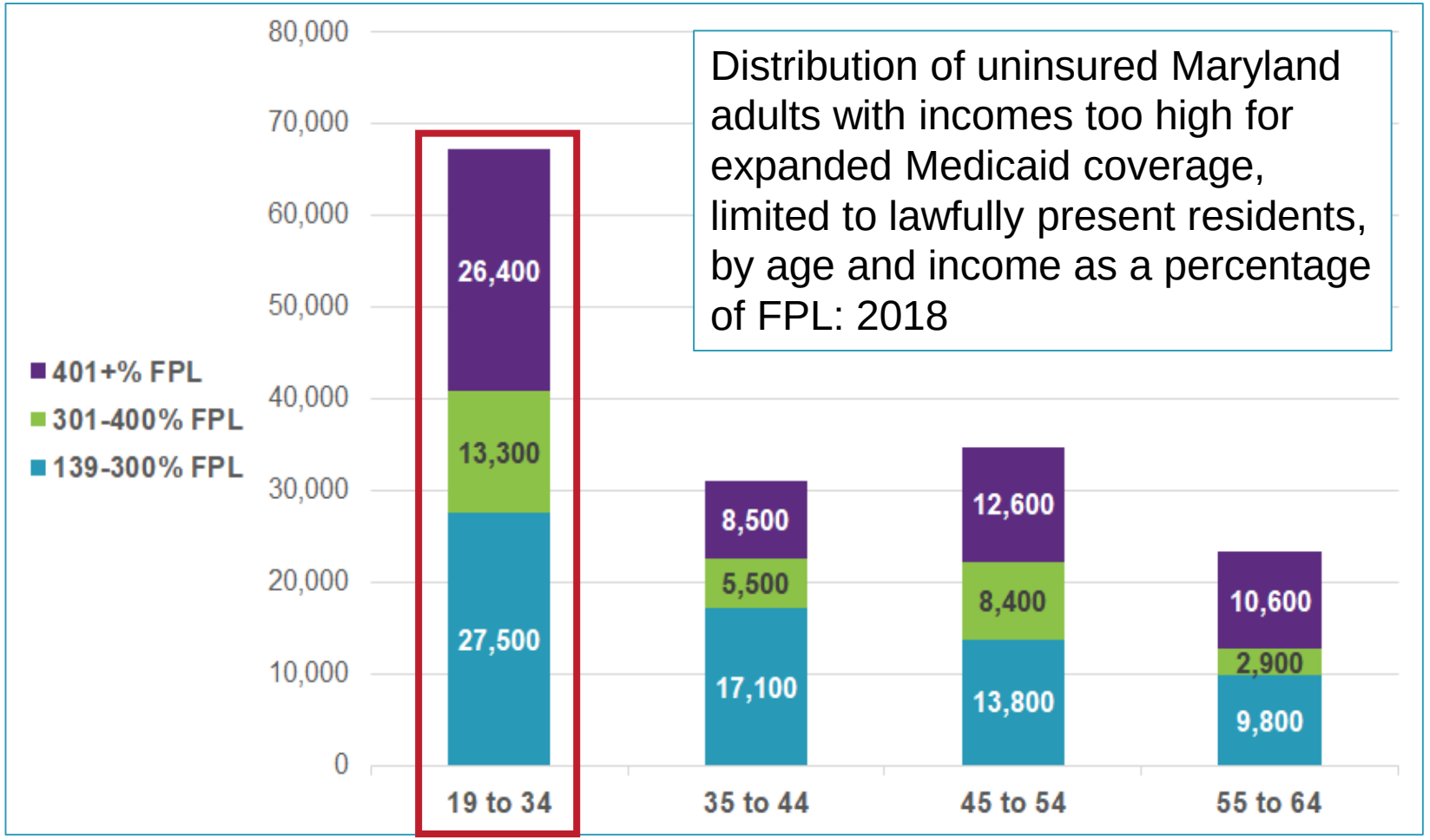
- Two funding sources: federal pass-through and the state health insurance provider fee
- The health insurance provider fee was 2.75% of health insurance premiums in 2019, dropping to 1% through 2023 (the term of the reinsurance program waiver)
- A federal fee of 2.75% of health insurance premiums was suspended for 2019 and repealed starting in 2021: combined impact of the state fee and the repealed federal fee is a net reduction in premium fees compared to when the federal fee was in place
- Federal funding is expected to exceed program cost



Remaining Uninsured in Maryland & Potential Target Populations for an Individual Market State Subsidy

Uninsured Maryland Adults by Age and Federal Poverty Level

- About 156,000 of the uninsured are adults who are over-income for Medicaid and lawfully present.
- Of this group, young adults are most likely to be uninsured (67,200; 43% of total). A majority are below 400% FPL.



Source: Analysis by Families USA National Center for Coverage Innovation of 2018 data from the American Community Survey. IPUMS USA, University of Minnesota, www.ipums.org. Note: ACS data do not include immigration status. These estimates impute immigration status based generally on previous Urban Institute results.

MARYLAND HEALTHBENEFIT EXCHANGE

Potential Target Populations for an Individual Market State Subsidy

Young Adults

- MHBE 2019 Affordability Work Group recommendation
- Largest group of uninsured lawfully-present adults ineligible for Medicaid, by age
- Could further stabilize the market and reduce premiums for all enrollees
- Young adults want health insurance, but struggle to afford it. In a 2019 survey, about 70% of uninsured Maryland young adults said that they would like to have health insurance, but 76% said it is difficult to afford

Households at 400-600% FPL

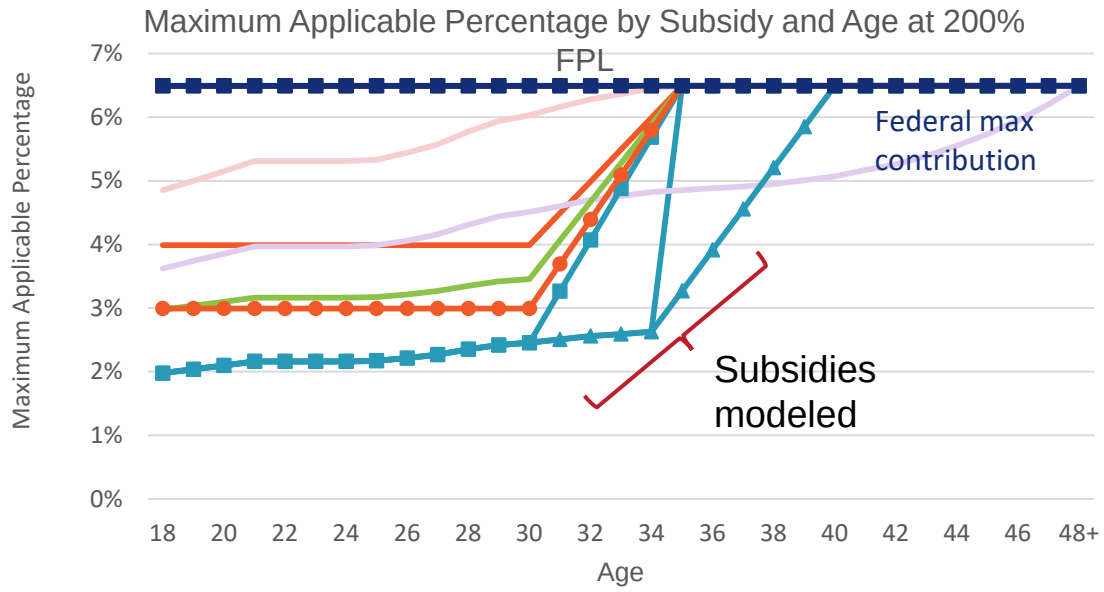
- 2019 Affordability Work Group discussion
- The federal subsidy cliff at 400% FPL can results in a big jump in net premium for people just over 400% FPL
- This primarily impacts middle-income older adults. For example, a couple age 55-64 in the 400-600% FPL income bracket can see their premium jump 177% compared to a couple of the same age in the 300%-400% FPL bracket

Individual Market State Subsidies: Designs and Modeling

Subsidy Background

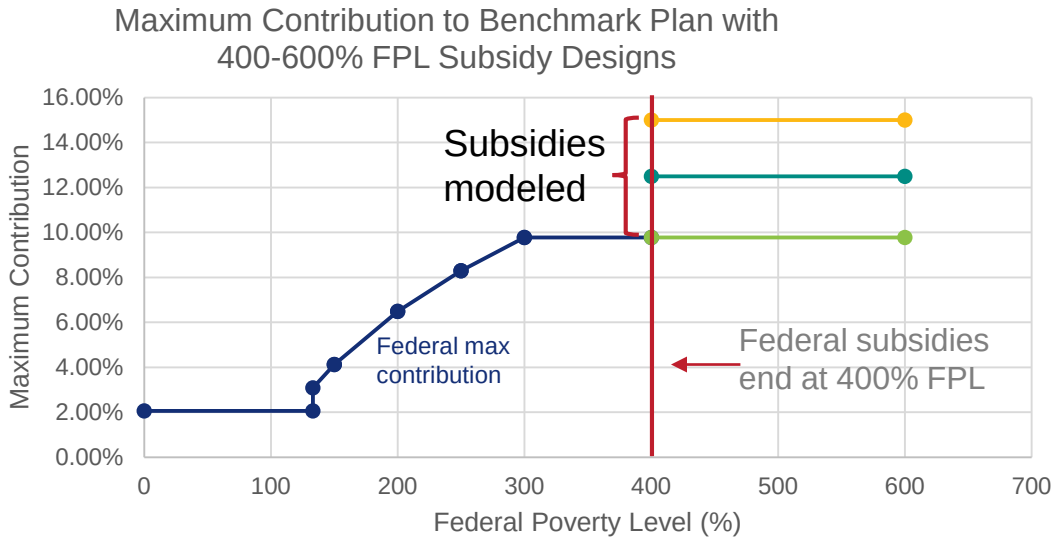
Two subsidy strategies were modeled: Young Adult Subsidies and 400-600% FPL Subsidies

Young Adult Subsidies



Proposed Approaches: 8 designs modeled, all variations on the federal subsidy design
Applicable Age Groups: 18-34 (+ one approach to 40, one to 47)
Applicable Income Groups: 133% to 400% of FPL

400-600% FPL Subsidies



Proposed Approaches: 3 designs modeled to cap contribution to a benchmark plan at 9.78%, 12.5%, and 15% of household income
Applicable Age Groups: all
Applicable Income Groups: 400% to 600% of FPL

MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: Young Adult Subsidy Designs

	A	B	C	D	E	F	G	H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
Baseline (Reinsurance)	18-34	43%	43%	-	$5,003	$2,283	$0	-	-	-	-	-
AASE 34	18-34	43%	43%	500	$4,995	$2,056	$243	$6M	$400K	-0.10%	2%	$12,054
AYEA	18-34	43%	49%	5,400	$4,992	$1,691	$642	$18M	$2M	-1.00%	15%	$3,316
AYEA -3.5%	18-34	43%	52%	8,900	$4,988	$1,459	$928	$27M	$4M	-1.60%	22%	$3,078
AASE 47	18-47	43%	50%	9,300	$5,438	$1,758	$706	$30M	$5M	-1.60%	16%	$3,271
AASE +1%; LI to 35	18-34	43%	55%	11,700	$4,937	$1,474	$1,080	$32M	$8M	-2.00%	27%	$2,786
AASE 30; LI to 35	18-34	43%	58%	14,400	$4,915	$1,177	$1,384	$44M	$9M	-2.50%	32%	$3,066
AASE	18-34	43%	60%	15,900	$4,887	$963	$1,607	$53M	$10M	-2.70%	34%	$3,322
AASE; LI to 40	18-39	43%	58%	20,900	$5,255	$1,244	$1,326	$64M	$12M	-3.50%	30%	$3,066

Overall Modeling Results: Young Adult Subsidy Designs

Ordered from least to greatest impact on young adult enrollment

		A	B	C					H	I	J	K
Scenario	Age	2021 % enrolled of eligible	2024 % enrolled of eligible	2024 Increase in Enrollment	2024 Gross Premium PCPY	2024 Net Premium PCPY	2024 State Subsidy PCPY	2024 Cost	2022 Possible Federal Pass-Through	2022 Change in Morbidity – Impact to Premiums (all)	% Subsidy Recipients who are New Enrollees by 2024	2024 Cost per New Member
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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: Young Adult Subsidy

On average, state subsidy would reduce premiums by about $20 to $130 per month (a reduction in average net premium of about 12% to 60%)

						E	F	G	H	I	J	K
Scenario	Age	enrolled of eligible	enrolled of eligible	Increase in Enrollment	Gross Premium PCPY	2024 Net Premium PCPY	2024 State Subsidy PCPY	2024 Cost	2022 Possible Federal Pass-Through	2022 Change in Morbidity – Impact to Premiums (all)	% Subsidy Recipients who are New Enrollees by 2024	2024 Cost per New Member
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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: Young Adult Subsidy Desig

Program costs range from $6M to $64M

		A					F	G	H	I	J	K
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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: Young Adult Subsidy Designs

Cost could possibly be offset by up to $12M in federal pass through (would require federal waiver approval)

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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: Young Adult Subsidy Designs

Increased young adult enrollment is projected to reduce marketwide average premiums by up to 3.5%

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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: Young Adult Subsidy Designs

A majority of the Individual Subsidy Work Group voted that, of the designs the group was presented with, the AASE LI-40 best met the goals they established for a state subsidy program

		B	C	D	E	F	G	H	I	J	K
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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: 400-600% FPL

Ordered from least to greatest impact on enrollment

				C	D	E	F	G	H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
FFSE 15%	18-64	53%	55%	2,300	$7,227	$6,827	$400	$17M	$3M	-0.10%	4%	$7,459
FFSE 12.5%	18-64		56%	3,900	$7,307	$6,575	$732	$32M	$4M	-0.20%	7%	$8,318
FFSE 9.78%	18-64		60%	8,900	$7,383	$5,926	$1,457	$69M	$10M	-0.50%	15%	$7,708

MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: 400-600% FPL

On average, state subsidy would reduce premiums by about $33 to $121 per month (a reduction in average net premium of about 5% to 20%)

						E	F	G	H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
FFSE 15%	18-64	53%	55%	2,300	$7,227	$6,827	$400	$17M	$3M	-0.10%	4%	$7,459
FFSE 12.5%	18-64		56%	3,900	$7,307	$6,575	$732	$32M	$4M	-0.20%	7%	$8,318
FFSE 9.78%	18-64		60%	8,900	$7,383	$5,926	$1,457	$69M	$10M	-0.50%	15%	$7,708

MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: 400-600% FPL

Program costs range from $17M to $69M

		A	B	C			F	G	H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: 400-600% FPL

Cost could possibly be offset by up to $10M in federal pass through (would require federal waiver approval)

		A	B					G	H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
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MARYLAND HEALTHBENEFIT EXCHANGE

Overall Modeling Results: 400-600% FPL

Increased enrollment is projected to reduce marketwide average premiums by up to 0.5%

		A	B	C	D				H	I	J	K
Scenario	**Age**	**2021 % enrolled of eligible**	**2024 % enrolled of eligible**	**2024 Increase in Enrollment**	**2024 Gross Premium PCPY**	**2024 Net Premium PCPY**	**2024 State Subsidy PCPY**	**2024 Cost**	**2022 Possible Federal Pass-Through**	**2022 Change in Morbidity – Impact to Premiums (all)**	**% Subsidy Recipients who are New Enrollees by 2024**	**2024 Cost per New Member**
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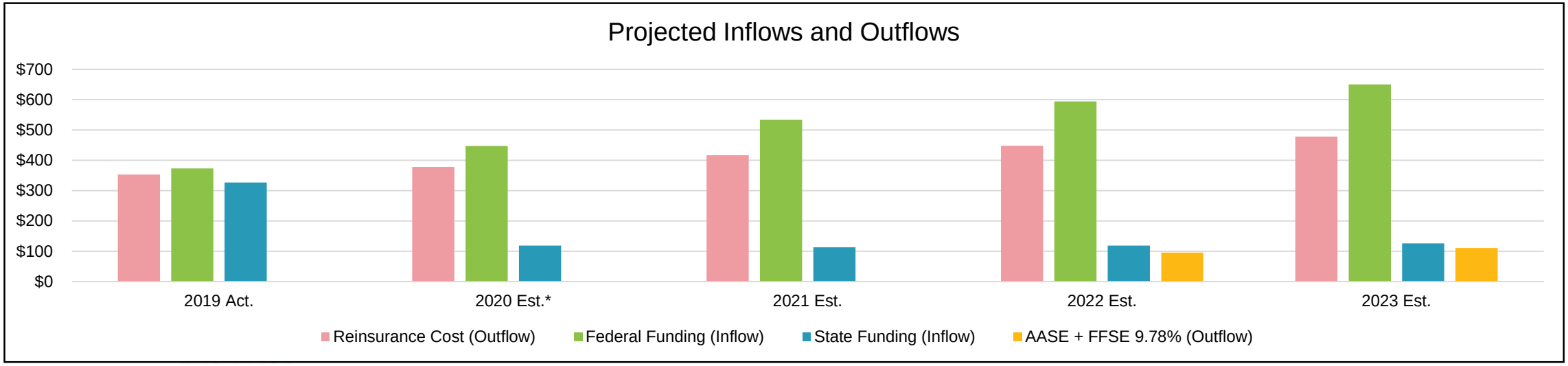
MARYLAND HEALTHBENEFIT EXCHANGE

Reinsurance Program Impact & Funding Considerations

- Implementation of any of the modeled subsidy designs is not expected to negatively impact the reinsurance program
- Maryland is not required to amend its current federal 1332 waiver or request an additional waiver in order to implement a state subsidy program
- With federal approval (uncertain) unspent federal funds could be a funding source for a state subsidy program
- State funds could be sufficient to both support reinsurance and fund a subsidy program



Individual Subsidy Work Group Recommendations

Individual Subsidy Work Group Recommendations

10 of 11 members present ultimately voted to submit seven recommendations to MHBE to be considered if the legislature authorizes MHBE to implement an individual market subsidy

The Individual Subsidy Work Group recommends that:	Vote		
	Yes	No	Abstain
MHBE use the considerations listed in the framework (see appendix) when evaluating subsidy design	10	0	
MHBE target subsidies at young adults, with subsidies phasing out to age 40	10	0	
MHBE target subsidies at young adults up to 400% FPL	10	0	
Of the subsidy designs the group was presented with, the AASE LI-40 best met the framework goals	8	0	2
MHBE later explore a subsidy targeting those 400-600% FPL	10	0	
MHBE later explore including young adults with FPL 400-600% in the subsidy design	10	0	
When considering the effectiveness of the subsidy program, MHBE evaluate how well the program reduces racial inequities	10	0	

The members reached consensus on these recommendations by agreeing that they were operating under the assumption that the SRP program parameters and state and federal funding would stay as currently designed/projected. The workgroup did not undertake an analysis of the appropriate allocation of funding between subsidies and reinsurance.

Individual Subsidy Work Group Considerations

The Work Group identified a number of reasons for recommending young adults under 400% FPL as the initial target of a state subsidy program:

Addressing Existing Inequities in the Individual Market

- Under ACA rating rules, **young adults subsidize older adults**, paying more for health insurance than their contribution to claims costs.
- The **reinsurance program** reduces net premiums for individuals >400% FPL but **has no or limited impact on young adults below 400% FPL**
- Uninsured young adults are **disproportionately likely to be Black and Hispanic**

Benefits to the Market & Reduction in Uninsured Rate

- Young adults are the **largest age group of uninsured** lawfully-present adults >138% FPL
- Young adults tend to be healthy, with claims 22%-50% below average, which means that bringing young adults into the individual market has the potential to **further stabilize the risk pool and reduce premiums** for all enrollees

Conclusion

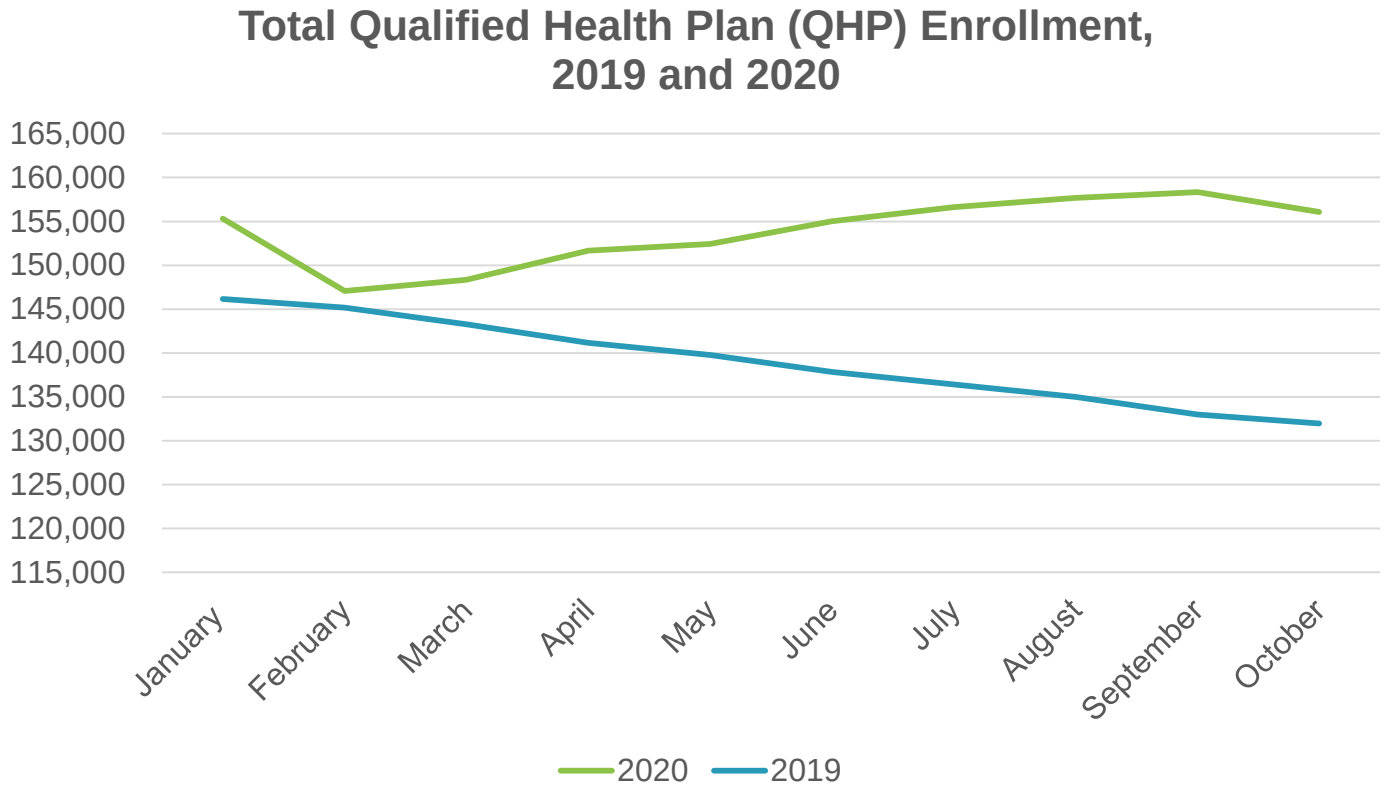
Conclusion

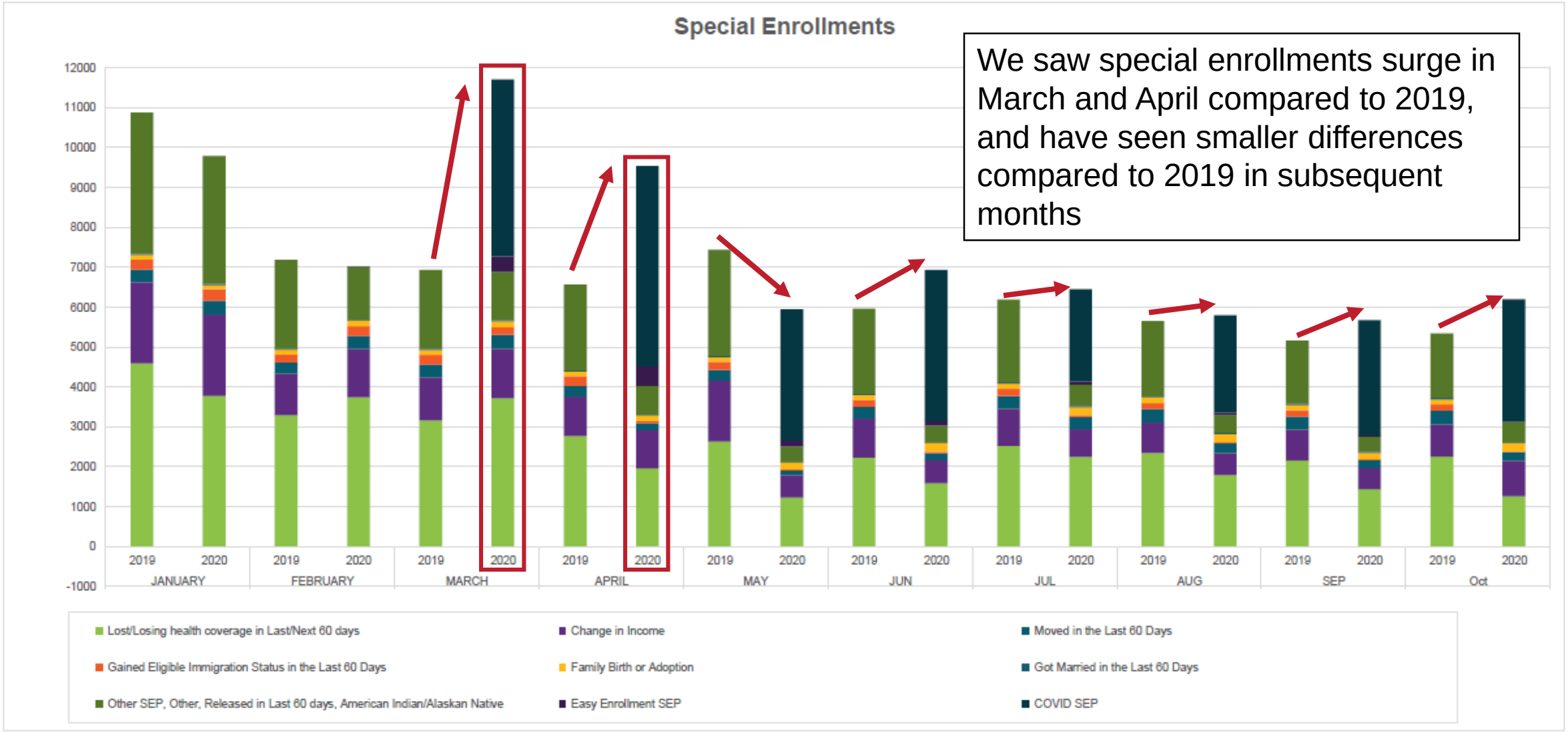
- A young adult subsidy at a range of total costs could meaningfully reduce the uninsured rate among young adults, further stabilize the risk pool, and reduce premiums for all enrollees
- Implementing a state subsidy program is not projected to impact the reinsurance program
- Annual funding under the health insurance provider fee is projected to be sufficient to fund a state subsidy program
- If MHBE is authorized to implement a state subsidy program, it would be prudent to pursue amendment of the existing reinsurance waiver to enable MHBE to put surplus federal pass-through funding towards the subsidy program. However, federal approval of such an amendment is uncertain
- Given the novel nature of a state subsidy program, the legislature may want to consider a pilot program to allow MHBE to gather enough credible data to refine longer-term projections of program costs

COVID-19 Impact on Enrollment

COVID-19 Special Enrollment Period (SEP) & Impact on Total Enrollment

- Covid-19 SEP launched March 15 and is currently open through December 15
- Total SEP enrollment through Dec. 6: 97,759
  - 67% Medicaid
  - 23% APTC
  - 10% unassisted
- QHP enrollment is up 18% year-over-year as of Oct. 31





MARYLAND HEALTHBENEFIT EXCHANGE

Questions?

Thank you!

Appendix Slides

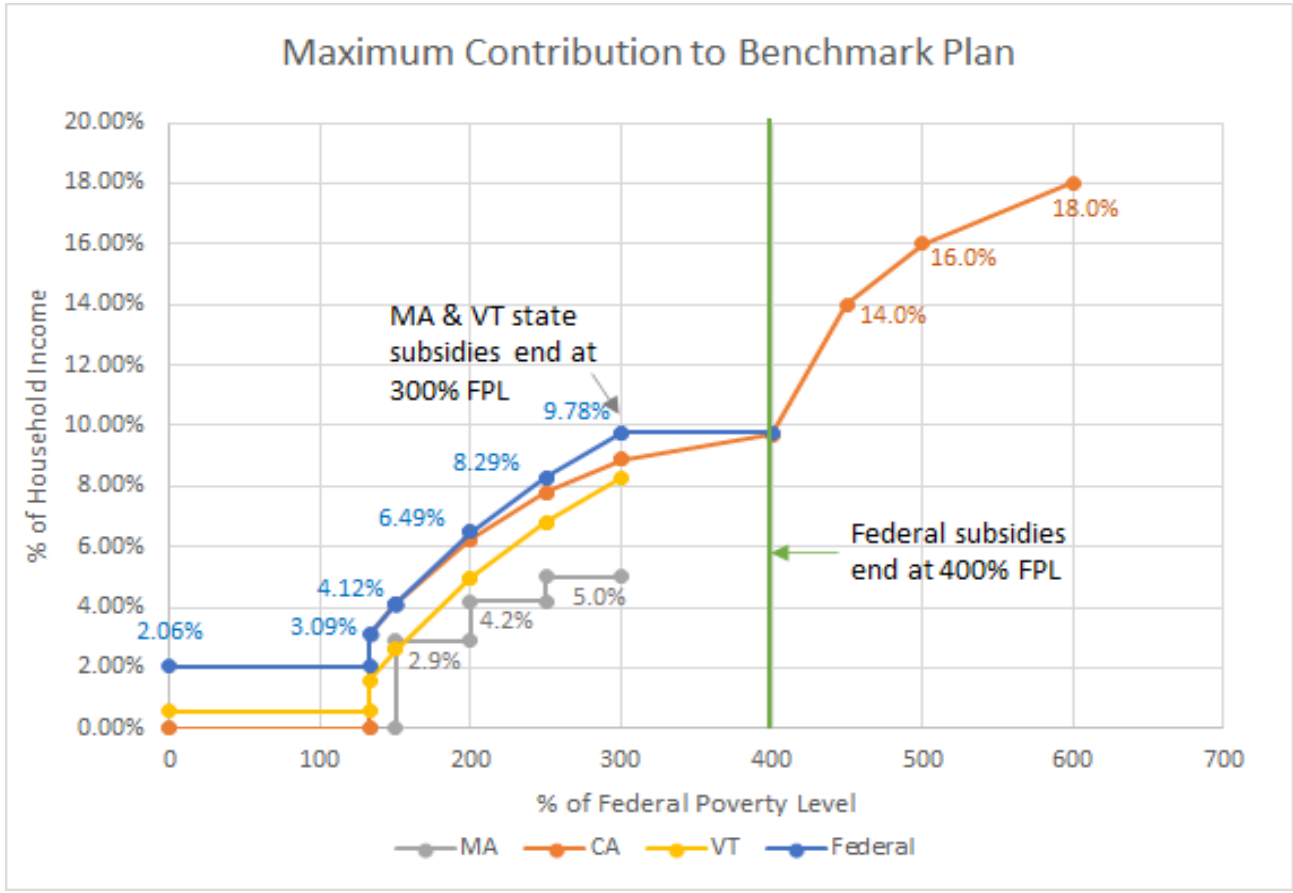
Summary Information on Existing State Individual Market Subsidy Programs

- Three states currently have state subsidy programs: MA, CA, VT.
  - Although it is difficult to tease out the impact of the subsidy program from other reforms that these states have implemented, MA & VT have among the lowest uninsured rates in the nation.
  - CA implemented its subsidy program in 2020, so it is too early to determine its effect.
- Two more states passed legislations to establish state subsidy programs in 2020: CO & NJ

	Target Population	Subsidy Design	Impact	Reinsurance Program?
Mass.	Under 300% FPL	Sets premiums for 5 standard plans according to FPL. Also reduces cost-sharing	Lowest uninsured rate in the country at 3% (MA has also implemented other reforms that may contribute to this, including an individual mandate, merged individual and small group markets)	No
California	Mainly targeted at households 400-600% FPL	Modeled on federal APTC design	New program, difficult to untangle from impact of individual mandate implemented at the same time	No
Vermont	Under 300% FPL	Modeled on federal APTC design	4th lowest uninsured rate in the country at 4.5%. (VT has also implemented other reforms that may contribute to this, including an individual mandate, merged individual and small group markets)	No

Maximum Contributions to Benchmark Silver Plan

- California and Vermont closely modeled their subsidy designs on the federal subsidy program:
  - The programs use the same benchmark plan (second lowest cost silver plan) and set a maximum % of income that households at each federal poverty level (FPL) must contribute towards premium.
  - The subsidy makes up the difference between the maximum contribution and the full premium cost
- Massachusetts's state subsidy program has a unique and more complex design



MARYLAND HEALTHBENEFIT EXCHANGE

Actual and Projected Cost, Funding, and Impact of the Reinsurance Program, 2019-2023

	2019 Act.	2020 Est.*	2021 Est.	2022 Est.	2023 Est.
Reinsurance Cost	$352,798,597	$377,828,828	$416,782,404	$447,975,589	$478,434,269
Federal Funding	$373,395,635	$447,277,359	$567,748,703	$628,614,048	$684,842,457
State Funding Dedicated to SRP	**$326,889,258**	**$118,517,416**	**$112,591,545**	**$118,896,671**	**$125,554,885**

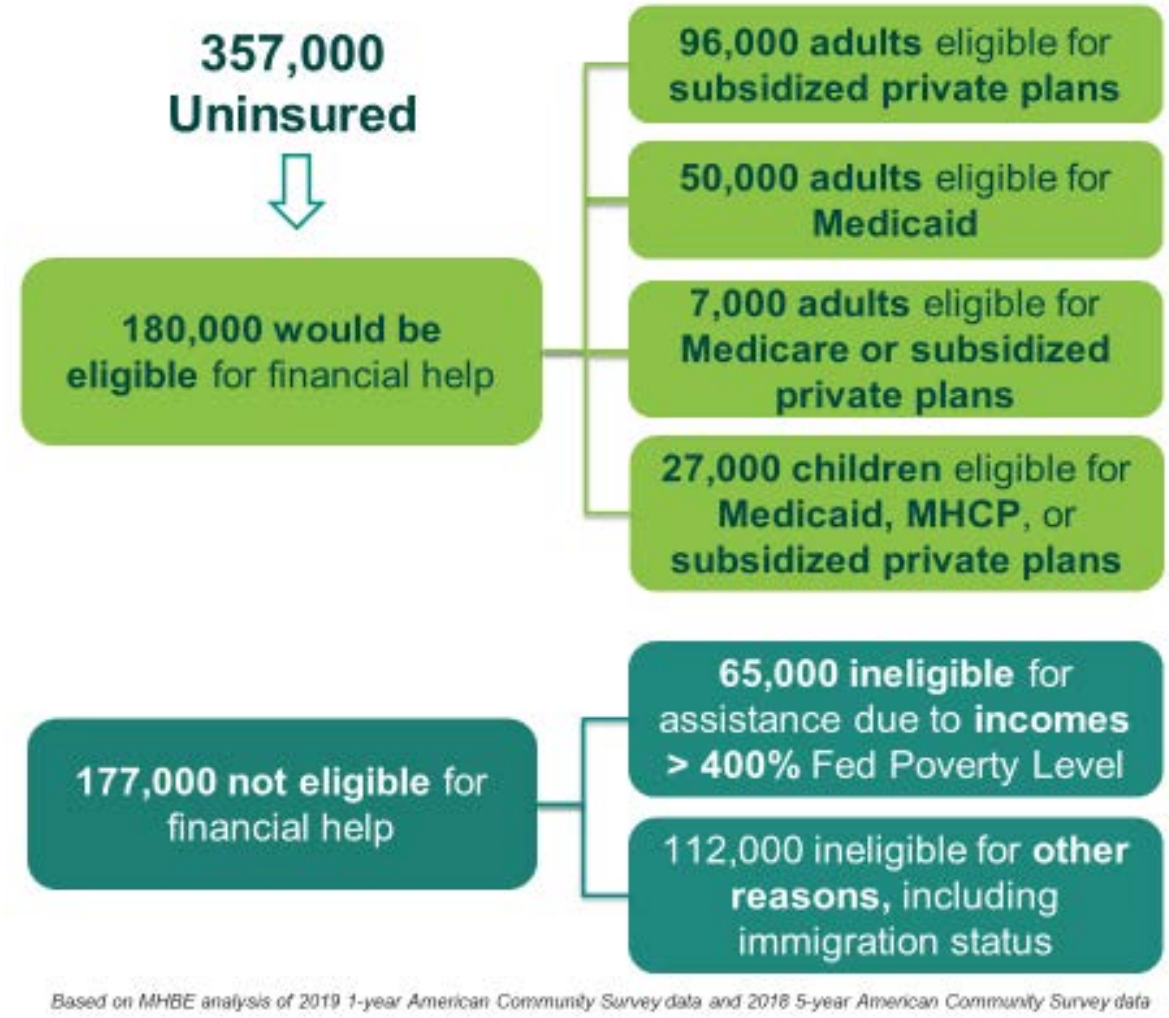
*2020 Federal Funding is actual funding, not an estimate.

SRP Spending and Funding Details, 2019

Description	Value	Notes
Federal funding spent on individual claims payment to issuers	$352,798,597.39	
CareFirst BlueChoice, Inc.	$206,560,535.36	
CareFirst of Maryland, Inc.	$34,650,600.84	
GHMSI	$26,023,597.56	
Kaiser Foundation Health Plan, Mid-Atlantic, Inc.	$85,563,863.63	
Federal funding spent on operation of the SRP	$347,218.75	$266,500 on EDGE Server and $80,718.75 on actuarial support services
Any unspent balance of Federal funding for the reporting year	$20,249,818.86	
Amount of State funding contribution to fully fund the SRP	$0	No state funding was necessary for plan year 2019, as federal funding was sufficient to cover the cost of the program

Pre-COVID Uninsured in Maryland

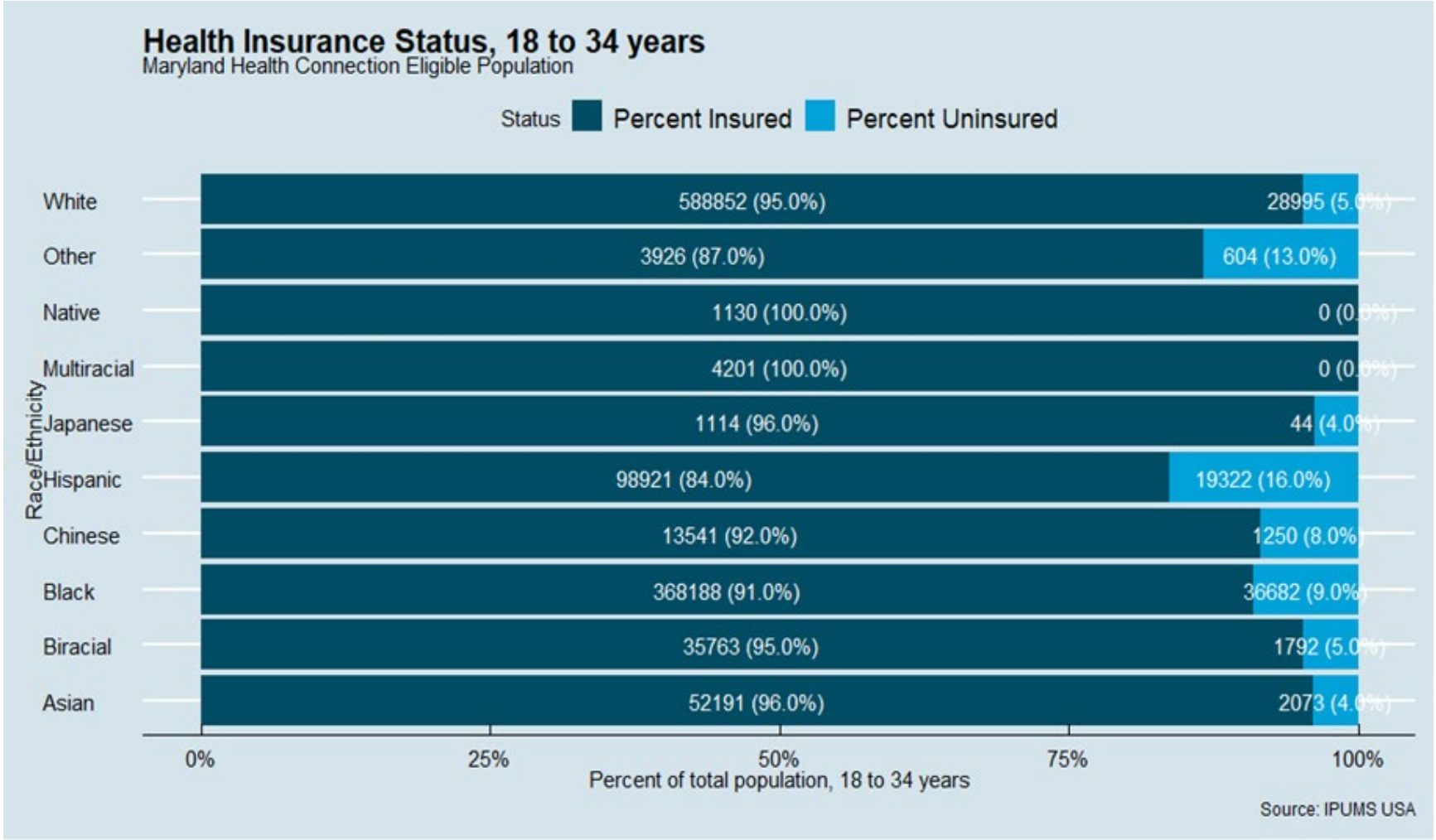
- According to the most recent Census data, there are about 357,000 uninsured individuals in Maryland (6% of the population)
- About half are estimated to be eligible for financial help



Based on MHBE analysis of 2019 1-year American Community Survey data and 2016 5-year American Community Survey data

MARYLAND HEALTHBENEFIT EXCHANGE

Percent of Maryland Uninsured, Lawfully Present Young Adults by Race/Ethnicity



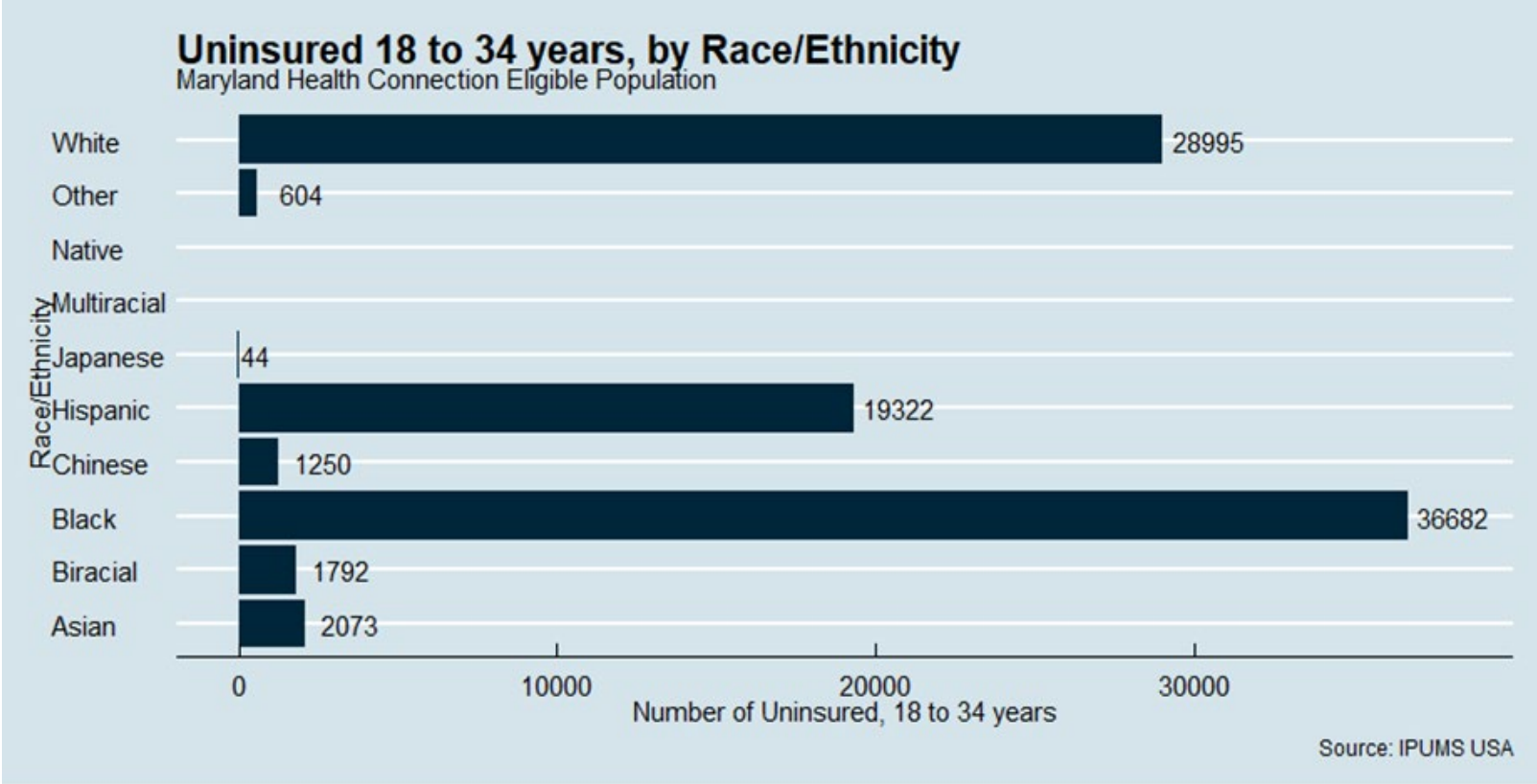
Source: MHBE analysis 2018 5-year American Community Survey data provided by IPUMS USA, University of Minnesota.

MARYLAND HEALTHBENEFIT EXCHANGE

Uninsured Maryland Young Adults by Race/Ethnicity

- In absolute numbers, the three largest groups of uninsured young adults are Black, white, and Hispanic
- Among lawfully present young adults, Hispanic and Black young adults are the most likely to be uninsured, with uninsured rates of 16% and 9% respectively, approximately two to three times the uninsured rate for white young adults (5%)

Estimated Number of Uninsured, Lawfully Present Young Adults by Race/Ethnicity



Source: MHBE analysis 2018 5-year American Community Survey data provided by IPUMS USA, University of Minnesota.

MARYLAND HEALTHBENEFIT EXCHANGE

Illustrative Comparison of Net Premiums, Highlighting the Net Premium (NP) Change at the "Subsidy Cliff"

Contract Type	FPL Range	Age Band				
		18-25	26-34	35-44	45-54	55-64
Individual	300-400%	$3,060	$3,540	$4,030	$4,440	$4,440
	400-600%	$3,060	$3,540	$4,030	$5,520	$8,300
	NP Change	0%	0%	0%	24%	87%
2 Person	300-400%	$6,000	$6,000	$6,000	$6,000	$6,000
	400-600%	$6,130	$7,070	$8,050	$11,040	$16,600
	NP Change	2%	18%	34%	84%	177%

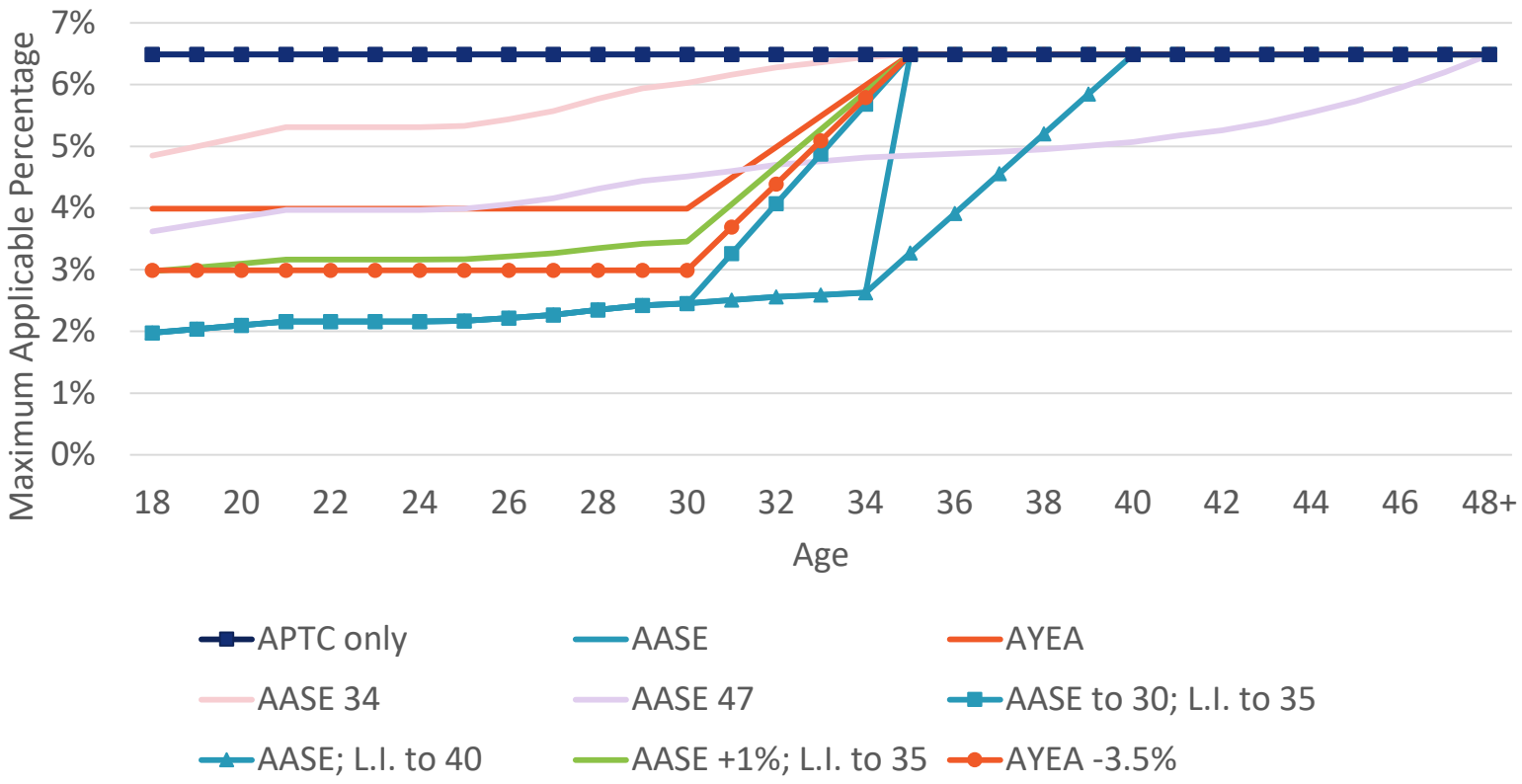
MARYLAND HEALTHBENEFIT EXCHANGE

Lewis & Ellis Modeling Methodology

Step	Step detail
1. Setting a baseline for 2019 and 2020 enrollment	Collected and used data from the MHBE, participating insurers, and CMS regarding enrollment levels, the uninsured population, and individual market morbidity levels by age and income
2. Understanding the impact of subsidies on net premiums	Analyzed the impact (reduction) on net premiums for each proposed subsidy structure
3. Estimating the uptake in enrollment	Modeled the increase in enrollment due to the presence of the subsidies • Uptake assumption was based on a regression analysis of eligible market insured rates compared to the net premium as a percentage of income • Enrollment changes were phased in over a three-year period (similar to the 2014-2016 enrollment experience of the individual market).
4. Understanding the impact on reinsurance payments	Claims from these additional enrollees flowed through the previous State Reinsurance Program model to calculate the impact to the SRP
5. Calculating the subsidies needed and premium tax credit changes	Estimated the cost of the subsidies and changes to the premium tax credits paid by the federal government resulting from increases in enrollment

Young Adult Subsidies: 8 Designs Modeled

Maximum Applicable Percentage by Subsidy and Age at 200% of the FPL

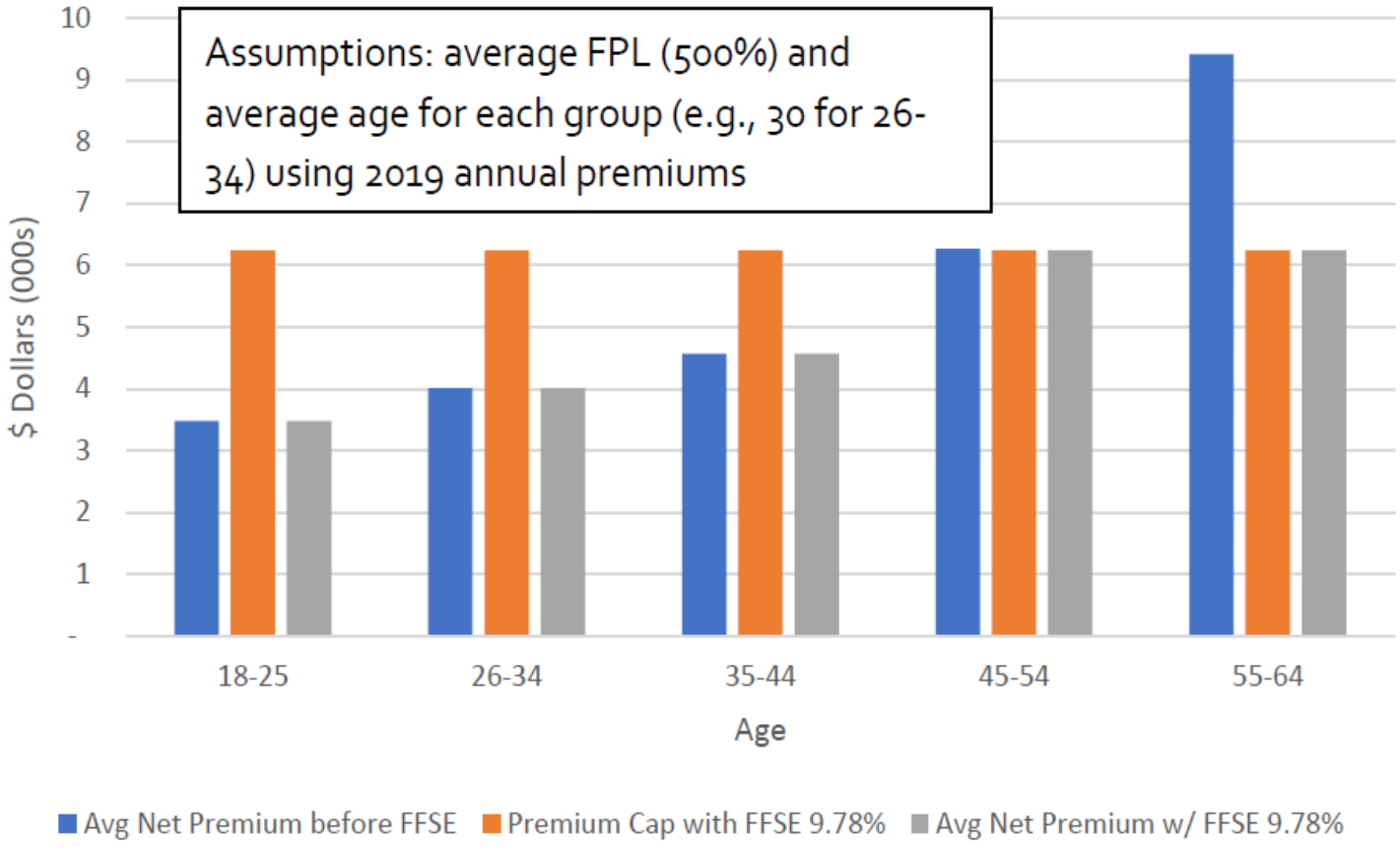


- This graph illustrates the impact of each subsidy by age.
- The graph focuses on an individual at 200% of the FPL – these lines will vary at other income levels, but generally the relativities between them remain the same.

MARYLAND HEALTHBENEFIT EXCHANGE

400-600% FPL: 3 Designs Modeled

Illustrative Comparison of 400-600% FPL Subsidy Impact by Age for Individuals between 400-600% FPL using 2019 Annual Net Premiums and a Premium Cap of 9.78%



- Modeled three simple versions of a subsidy that caps the percent of income that households would pay for a benchmark plan at 9.78%, 12.5%, and 15%.
- Modeling revealed this would primarily benefit older individuals, because premiums for younger individuals are typically below these caps already

MARYLAND HEALTHBENEFIT EXCHANGE

D Results (Sustained Uninsured)

Comparison of 3-Year Enrollment, Insured Rates, Premiums and Subsidies by Scenario

Scenario	AASE	AYEA	AASE 34	AASE 47	FFSE 9.78%	FFSE 12.5%	FFSE 15%
2022-2024 Increase in Enrollment (Best-Estimate)	15,900	5,400	500	9,300	8,900	3,900	2,300
2022-2024 Increase in Enrollment (Sustained Uninsured)	19,100	7,600	800	12,600	10,000	4,400	2,600

Scenario	2022 – Best Estimate			2022 – Sustained Uninsured		
	Cost	New Members	Cost per New Member	Cost	New Members	Cost per New Member
AASE	$43,336,496	9,535	$4,545	$45,187,431	11,464	$3,942
AYEA	$16,124,993	3,250	$4,962	$16,628,225	4,577	$3,633
AASE 34	$5,603,824	296	$18,942	$5,660,784	459	$12,333
AASE 47	$26,727,083	5,572	$4,797	$27,586,521	7,563	$3,648
FFSE 9.78%	$52,430,263	5,333	$9,832	$53,326,400	5,993	$8,898
FFSE 12.5%	$22,279,648	2,337	$9,531	$22,673,114	2,627	$8,631
FFSE 15%	$12,350,820	1,388	$8,897	$12,563,929	1,560	$8,054

- There are publicly available reports that have differing perspectives on COVID-19's impact on the uninsured rates; one suggests a significant increase while another suggests minimal change.
- Our best estimate analysis assumed that the uninsured rate would return to pre-COVID-19 levels by 2022.
- To provide MHBE with a "worst case" uninsured scenario, we modelled a scenario assuming COVID-19 has indeed significantly increased the uninsured rates and the impact will be sustained through 2022.

Infrastructure & Staffing

- MHBE assumes that the subsidy program would be run by MHBE, and would operate similarly to the current federal subsidy program
- To implement changes to the HBX system to calculate subsidies, MHBE anticipates initial costs of about $814,000
- For ongoing maintenance, MHBE anticipates additional costs of $271,000 per year
- At this time, MHBE does not anticipate additional staffing needs
- If legislation is proposed to establish a subsidy program, MHBE will provide a fiscal note with a more detailed fiscal analysis pertaining to the specifics of the proposal

Individual Subsidy Work Group Framework

- MHBE convened a work group that included representatives from each individual market insurance carrier and the broker, navigator, advocacy, and provider communities.
- The work group agreed to use the below framework to evaluate the subsidy designs

1. Equity	Equitable distribution of costs and subsidies
2. Effectiveness	A. Effectiveness at reducing the uninsured rate in the target population
	B. Percentage of subsidy recipients who will be new enrollees
	C. Cost per new enrollee
3. Total Cost	Total cost relative to potential funding
4. Impact on Risk Pool	Reduction in average costs for all enrollees due to improved morbidity
5. Affordability	An overarching goal of establishing a state subsidy should be to improve health insurance affordability