

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 134
 Finance

(The President, *et al.*) (By Request - Administration)

Health and Government Operations

Maryland Health Insurance Plan - Access for Bridge Eligible Individuals

This emergency Administration bill expands the purpose of the Maryland Health Insurance Plan (MHIP) to include providing access to affordable, comprehensive health benefits for “bridge eligible individuals,” as needed, on a retroactive and prospective basis and expresses the intent of the General Assembly that MHIP be used to subsidize health insurance coverage for such individuals.

The bill terminates June 30, 2015.

Fiscal Summary

State Effect: MHIP special fund expenditures increase by an estimated \$104,300 in FY 2014 to subsidize health insurance coverage for bridge eligible individuals who enroll in MHIP. Special fund expenditures may increase by a minimal amount in FY 2015 due to payment of medical claims incurred by bridge eligible individuals while enrolled in MHIP. Actual expenditures depend on medical claims filed, which may not be paid until August 2014. Revenues are not affected.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	104,300	-	0	0	0
Net Effect	(\$104,300)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: A “bridge eligible individual” is eligible for enrollment in the Maryland Health Benefit Exchange (MHBE) and can provide evidence that the individual has attempted to obtain insurance through MHBE but was unsuccessful in enrolling. “Bridge eligible individual” includes dependents but does not include those eligible for Medicare, Medicaid, the Maryland Children’s Health Program, or an employer-sponsored group health insurance plan that includes comparable benefits.

The bill repeals the requirement to close MHIP enrollment as of December 31, 2013. Thus, a medically uninsurable individual enrolled in MHIP as of December 31, 2013, who terminates enrollment may reenroll as a bridge eligible individual. However, enrollment in MHIP must be closed to any bridge eligible individual who has not applied for enrollment by March 31, 2014. The MHIP enrollment of a bridge eligible individual terminates on the effective date of enrollment in a qualified health plan (QHP) through MHBE. Under the bill, bridge eligible individuals may remain enrolled in an MHIP plan until the plan ends.

The bill authorizes the MHIP board to adopt an amendment to the MHIP plan of operation regarding enrollment of bridge eligible individuals without the approval of the Insurance Commissioner. The MHIP board may also adopt policies and procedures to operate and administer MHIP as it pertains to enrollment of bridge eligible individuals. The MHIP board must provide notice of these policies and procedures to the Joint Committee on Administrative, Executive, and Legislative Review; the Senate Finance Committee; and the House Health and Government Operations Committee.

Uncodified language authorizes the MHIP board to extend enrollment of bridge eligible individuals beyond March 31, 2014, if the board determines that such individuals continue to be unsuccessful in enrolling in coverage through MHBE. The board must notify specified committees of the General Assembly and the Department of Legislative Services of any such extension within 15 days after it has been approved.

Beginning February 1, 2014, MHIP must submit monthly reports to specified committees of the General Assembly on progress in enrolling bridge eligible individuals into coverage. The reports must include the number of bridge eligible individuals enrolled in MHIP standard, enrolled in MHIP+, and transitioned to coverage in a QHP or other coverage. The final required report was submitted May 12, 2014.

Current Law:

Maryland Health Insurance Program: MHIP provides health insurance for individuals who have certain qualifying conditions or do not have access to insurance. Members are

required to pay a premium based on age, subscriber type, and type of benefit plan. Individuals with incomes below 300% of federal poverty guidelines (in 2013, \$70,650 for a family of four) received discounted premiums through MHIP+, which officially ended March 31, 2014. The Department of Health and Mental Hygiene's Prevention and Health Promotion Administration funds premiums, deductibles, and copayments for a portion of MHIP enrollees.

Generally, to qualify for MHIP, an individual must be a Maryland resident for at least six months and meet one of the following criteria: (1) have a qualifying medical condition; (2) have been denied coverage for medical reasons within the past six months; (3) be enrolled in or eligible for individual health insurance that either limits, restricts, or blocks coverage for a specific medical condition or has similar benefits to MHIP but costs more due to the individual's health condition; or (4) be a child who qualifies for medical reasons.

The expenses for the insurance products offered through MHIP are supported by premiums, a subsidy generated by a 1% assessment on hospitals, and a limited amount of federal grant funds. In fiscal 2013, premium revenues of \$102.5 million supported approximately 42% of MHIP insurance expenditures, with the remaining expenditures subsidized through assessment revenue (\$121.9 million) and federal funds (\$19.8 million). MHIP's fund balance at the end of fiscal 2013 was \$160.2 million.

Chapter 159 of 2013 (the Maryland Health Progress Act of 2013) required that enrollment in MHIP, including reenrollment of former enrollees, be closed as of December 31, 2013, as MHIP members would have guaranteed access to insurance through the individual market or MHBE. The Act also established a State Reinsurance Program to mitigate the impact of high-risk individuals on rates in the individual market inside and outside MHBE. Funding for the program was authorized to come from MHIP.

Maryland Health Benefit Exchange: The federal Patient Protection and Affordable Care Act (ACA) requires states to have a health insurance exchange, either state-based or federal, in place by January 1, 2014. Maryland was 1 of 14 states that opted to develop a state-based exchange, known as Maryland Health Connection. The exchanges are intended to provide a marketplace for individuals and small businesses to purchase affordable health coverage. Chapters 1 and 2 of 2011 established the governance, structure, and funding of MHBE, the primary function of which is to certify and make available QHPs and qualified dental plans to individuals and businesses and to serve as a gateway to an expanded Medicaid program under ACA. MHBE is a public corporation and independent unit of State government with a nine-member Board of Trustees.

Background:

Maryland Health Benefit Exchange: On October 1, 2013, MHBE launched Maryland Health Connection, an online insurance marketplace to compare and enroll in health insurance and determine eligibility for Medicaid and other assistance programs, federal tax credits, and cost-sharing reductions. From inception, the website had significant technological problems hindering enrollment and posted much lower-than-anticipated enrollment figures.

By mid-December, the Administration indicated that major information system fixes had been completed, and the website was functional for most individuals. To allow additional time for enrollment to ensure coverage effective January 1, 2014, the initial deadline of December 23, 2013, was extended until December 27, 2013. Two carriers (Evergreen Health Co-op and Kaiser Permanente) accepted enrollments through December 31, 2013. Coverage began January 1, 2014, for all individuals successfully enrolled. However, some individuals who had attempted to enroll in coverage through the site were unsuccessful and remained uncovered as of January 2014. Open enrollment continued through March 31, 2014; however, coverage for individuals that enrolled after December 31, 2013, began February 1, 2014, or later.

According to MHBE, as of April 14, 2014, nearly 329,000 Marylanders were enrolled in health insurance coverage through Maryland Health Connection (262,619 in the Medicaid program and 66,203 in QHPs). The Administration's goal was to have 150,000 individuals enrolled in QHPs by March 31.

In April 2014, the Administration announced plans to hire a new contractor to rebuild the Maryland Health Connection website using software employed by the State of Connecticut.

The federal exchange website, HealthCare.gov, and several other state-based exchanges also experienced technical problems. In contrast, some states' exchange websites generally performed better than Maryland's. As of December 31, 2013, the HealthCare.gov website had enrolled 2.1 million individuals in private coverage, compared with its goal of 7 million. Individuals who tried to enroll through the site but were unable to do so by December 24, 2013, were granted a special enrollment period and instructed to contact a call center for individual assistance. As of December 31, 2013, 7,000 individuals had called a special hotline to report trouble enrolling and were considered for retroactive coverage.

Maryland Health Insurance Plan: MHIP+ was originally scheduled to end on December 31, 2013; however, the MHIP board extended the program through March 31, 2014, as many enrollees were experiencing difficulties trying to obtain a new health plan to begin

January 1, 2014. The plan officially ended on March 31, 2014. The MHIP standard plan was originally set to end June 30, 2014, but was recently extended through December 31, 2014, by the MHIP board. Enrollment in MHIP standard is closed to new enrollees, but the current 11,076 enrollees may remain in the plan until December 31, 2014.

For the 2013-2014 year, MHIP offered five standard plans with varying medical deductibles: (1) a preferred provider organization (PPO) with a \$1,000 per person/\$2,000 per family deductible; (2) HealthyBlue, with deductibles ranging from \$1,500 per person/\$3,000 per family to \$2,500 per person/\$5,000 per family; (3) a PPO with a \$500 per person/\$1,000 per family deductible; (4) a high deductible plan (HDP) with a \$2,600 per person/\$5,200 per family deductible; and (5) a health maintenance organization (HMO) plan with no deductible. Premiums are based on the benefit option, the coverage level, and the age of the oldest applicant. Monthly premiums ranged from \$189 for an individual younger than age 30 in an HDP to \$3,400 for family coverage with an individual older than age 65 in the HMO.

MHIP+ offered three plans based on household family income: (1) a PPO with a \$200 per person/\$400 per family deductible; (2) a PPO with a \$500 per person/\$1,000 per family deductible; and (3) an HMO with no deductible. Monthly premiums ranged from \$181 for an individual younger than age 30 in the \$200 deductible PPO (only the lowest income enrollees are eligible for this premium) to \$1,414 for family coverage with an individual older than age 65 in the HMO.

State Expenditures: MHIP special fund expenditures increase by approximately \$104,300 in fiscal 2014 to subsidize health insurance coverage for bridge eligible individuals who enroll in MHIP. Special fund expenditures may increase by a minimal amount in fiscal 2015 due to payment of medical claims incurred by bridge eligible individuals while enrolled in MHIP. This estimate is based on the following information and assumptions:

- Between February 1 and April 30, 2014, 192 individuals applied for coverage.
- Of these applicants, 144 qualified for and enrolled in MHIP or MHIP+ (the others either declined coverage or were not bridge eligible).
 - 133 MHIP+ members were reinstated into the program for one month.
 - 5 new MHIP+ members were enrolled for a total of eight months.
 - 6 new MHIP standard members were enrolled for a total of 14 months.
- Each enrollee in a standard MHIP plan increases MHIP special fund expenditures, on average, by \$400 per month.
- Each enrollee in an MHIP+ plan increases MHIP special fund expenditures, on average, by \$700 per month.

- All individuals enrolled in MHIP as bridge eligible have been transitioned out of MHIP.

Actual expenditures depend on medical claims filed. Claims from February through April may not be paid until August 2014 (fiscal 2015); at that time total expenditures for the bridge eligible program will be available.

In January 2014 (at the time of the bill's passage), MHIP special fund expenditures were estimated to increase by a potentially significant amount in fiscal 2014, and potentially in future years, to subsidize health insurance coverage for bridge eligible individuals. The total number of individuals who had attempted to obtain insurance through MHBE for coverage effective January 1, 2014, and who were unsuccessful in enrolling was unknown and estimated to range from several hundred to several thousand. At that time, the Administration estimated that between 200 and 5,000 individuals might enroll in MHIP under the bill at a cost of between \$5.0 million and \$10.0 million.

The Department of Legislative Services noted that actual expenditures would likely be much lower and could be *significantly* lower if only a few hundred individuals were to enroll for only one month and quickly transitioned into a QHP through MHBE (for example, 500 individuals enrolled in MHIP+ for one month would result in increased expenditures of \$350,000).

Special fund expenditures for the bill are paid from the MHIP fund balance, which is otherwise anticipated to be \$149.6 million at the end of fiscal 2014. Using MHIP funds for this purpose reduces the amount of funding available for the State Reinsurance Program established in 2013.

Additional Information

Prior Introductions: None.

Cross File: HB 119 (The Speaker)(By Request - Administration) - Health and Government Operations.

Information Source(s): Maryland Health Insurance Plan, Maryland Health Benefit Exchange, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - January 13, 2014
ncs/ljm Revised - Senate Third Reader - January 22, 2014
Revised - Enrolled Bill/Updated Information - May 16, 2014

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Health Insurance Plan- Access for Bridge Eligible
Individuals

BILL NUMBER: SB 134/HB 119

PREPARED BY: Governor's Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.