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SB 493 / HB 589 – Budget Reconciliation and Financing Act of 2021

Position: Favorable with Amendments

Thank you for the opportunity to provide written comments on SB 493 / HB 589 Budget Reconciliation and Financing Act of 2021 (BRFA). CareFirst respectfully requests amendments to the following provisions of the BRFA:

(1) Medicaid Provider Reimbursements from the Maryland Health Benefit Exchange Fund (p. 16, lines 17-21)

The BRFA provides that in each of fiscal years 2021 through 2026, the Governor shall transfer \$100,000,000 of the funds collected from the State's 1% Reinsurance Assessment on carriers from the Maryland Health Benefit Exchange Fund to provide for medical care provider reimbursements for the State Medicaid Program.

As a Managed Care organization, CareFirst strongly supports adequate funding of the Medicaid program; however, we strongly caution against committing the proposed amount of money intended for the State Reinsurance Program (SRP) to any other program at this time. It is critical to individual market stability that the SRP remain fully funded through 2023 and is renewed thereafter. The SRP is the primary stabilizing force in the individual market, restoring market rates to below 2018 levels and growing enrollment each year the program has been in effect. The SRP is also extraordinarily cost effective for the state due the leveraging of significant federal funding to support the program.

This proposed transfer is based on financial projections for the SRP that estimate the state will not have to use any state reinsurance assessment funds for the SRP due to projected excess Federal funding through the end of the existing waiver's term. However, the Centers for Medicare & Medicaid Services (CMS) has recently released its estimate of 2021 Federal funding¹ for the SRP. The pass-through estimate is over \$200 million less than Maryland Health Benefit Exchange's (MHBE) original projections for 2021. While the Federal government will still be funding the vast majority of the total program for 2021, CMS' estimate will now likely require the state to use a portion of the state reinsurance assessment funds for 2021 SRP liabilities to health insurers and raises the likelihood that more robust state funding is needed for future years of the program.

For these reasons, CareFirst recommends limiting the proposed transfer of \$100,000,000 state reinsurance dollars to Medicaid to fiscal years 2021 and 2022. A suggested amendment follows this testimony. In addition, if additional federal funds are available through the upcoming COVID relief package anticipated from Congress, CareFirst recommends examining whether the transfer of reinsurance funds to Medicaid for fiscal years 2021 and 2022 is needed. If the legislature determines its necessary to transfer reinsurance dollars to Medicaid in 2021 and 2022, CareFirst agrees with the technical amendment to the

¹ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/1332-MD-2021-Pass-through-Funding-Estimate.pdf>

BRFA suggested on p. 22 in the 2022 FY Operating Budget Analysis,² which would allow the transfer to occur from the fund balance rather than only new collections and would clarify that the transfer would be by the Insurance Commissioner for new revenue.

(2) Operations Budget for Maryland Health Benefit Exchange (p. 18, lines 19-20)

The BRFA provides that for State fiscal year 2022 and each fiscal year thereafter, the Governor's mandatory appropriation for the operation of the MHBE is reduced from \$35,000,000 to \$32,000,000. It is our understanding that this cut will force the MHBE to reduce services provided through the Exchange Consolidated Service Center (Call Center) and the Enrollment Broker Function within it, which are currently subject to a federal funding match. The MHBE's Call Center is a critical operational resource to Maryland consumers, aiding them to understand their insurance options and helping them enroll in a health insurance plan. The Call Center's consumer services are especially critical during the COVID pandemic, which has resulted in record enrollment of new members due to loss of existing coverage or new individual enrollment during the COVID Special Enrollment Period. Effective professional support to navigate enrollment in Medicaid or commercial insurance is critically important to the State's policy goal of reducing the uninsured rate, and keeping Marylanders insured in the event of job loss and other life changes. We caution against cutting this critical service at this time.

In addition to its normal operational responsibilities, we expect that the MHBE will have to implement several new programs in the near future due to: 1) anticipated enhanced federal funding for advanced premium tax credits by the United States Congress, 2) the potential passage of state legislation concerning individual subsidies (HB 780 / SB 729), and 3) coordination of new consumer enrollment with the State Department of Labor through unemployment insurance programs (HB 1002).

For these reasons, CareFirst strongly recommends retaining the MHBE's current budget of \$35 million in 2022. A suggested amendment follows this testimony.

CareFirst is committed to driving the transformation of the healthcare experience with and for our members and communities, with a focus on quality, equity, affordability, and access to care. We look forward to partnering with legislators, agencies, public health groups, and other stakeholders to work through amendments to the BRFA provisions discussed above to accomplish these goals.

We urge a favorable with amendments report.

About CareFirst BlueCross BlueShield

In its 83rd year of service, CareFirst, an independent licensee of the Blue Cross and Blue Shield Association, is a not-for-profit healthcare company which, through its affiliates and subsidiaries, offers a comprehensive portfolio of health insurance products and administrative services to 3.4 million individuals and employers in Maryland, the District of Columbia, and Northern Virginia. In 2019, CareFirst invested \$43 million to improve overall health, and increase the accessibility, affordability, safety, and quality of healthcare throughout its market areas. To learn more about CareFirst BlueCross BlueShield, visit our website at www.carefirst.com and our transforming healthcare page at www.carefirst.com/transformation, or follow us on [Facebook](#), [Twitter](#), [LinkedIn](#) or [Instagram](#).

CareFirst BlueCross BlueShield Recommended Amendments to SB 493 / HB 589 – Budget Reconciliation and Financing Act of 2021 (First Reading File Bill)

² <http://mgaleg.maryland.gov/pubs/budgetfiscal/2022fy-budget-docs-operating-D78Y01-Maryland-Health-Benefit-Exchange.pdf>.

AMENDMENT NO. 1

On page 16, line 17 after “**THROUGH**” strike “**2026**” and substitute “**2022**”.

Rationale: Limits the proposed transfer of \$100,000,000 state reinsurance dollars to Medicaid to fiscal years 2021 and 2022.

AMENDMENT NO. 2

On page 18, line 20 after “be” strike “[not less than \$35,000,000] **\$32,000,000**” and substitute “**NOT LESS THAN \$35,000,000**”.

Rationale: Retains current MHBE budget of \$35,000,000 for Fiscal Year 2022 and each Fiscal Year thereafter.