SB 395 2022 MIA Pre-Filed Testimony Final.pdf
Uploaded by: Brad Boban
Position: FAV

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

KATHLEEN A. BIRRANE
Commissioner

GREGORY M. DERWART
Deputy Commissioner

Maryland
INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2471 Fax: 410-468-2020
Email: kathleen.birrane@maryland.gov
www.insurance.maryland.gov

TESTIMONY OF
THE
MARYLAND INSURANCE ADMINISTRATION
BEFORE THE
SENATE FINANCE COMMITTEE

FEBRUARY 9, 2022

SENATE BILL 395 – HEALTH INSURANCE – INDIVIDUAL MARKET STABILIZATION – EXTENSION OF PROVIDER FEE

POSITION: SUPPORT

Thank you for the opportunity to provide written comments regarding Senate Bill 395.

SB 395 amends § 6–102.1 of the Insurance Article to extend the 1% health insurance provider fee through 2028. This fee has been used to fund the State Reinsurance Program (SRP) under the Section 1332 State Innovation Waiver, which has successfully stabilized the Individual Marketplace by reducing rates by over 31%, which has helped to reverse the significant enrollment decline and grow the market by more than 22% since the low reached in December 2018. 1332 Waivers are approved for 5-year periods, and 2023 is the last year of the current waiver. The purpose of extending the fee is to provide funding for a second 5-year waiver period and enable the Maryland Health Benefit Exchange (MHBE) and their consulting actuaries to submit a completed renewal waiver application, which includes a detailed actuarial projection to demonstrate that funding will be sufficient to cover costs, by March of 2023 as required by Center for Medicare & Medicaid Services (CMS).

When the original waiver was first proposed during the 2018 legislative session, the carriers in the Affordable Care Act (ACA) marketplace had lost a cumulative $500 million from 2014-2018 due to the ACA rates being inadequate to cover the much larger than expected claims cost of the guarantee-issue non-underwritten ACA marketplace. The MIA had approved large 20 to 40% increases in 2017 and 2018 (driven by claims far exceeding premiums), and this had resulted in large 15% declines in annual enrollment. This was the beginning of an "anti-selection" spiral where large rate increases lead to healthier than average members lapsing,

which increase the average claims costs of those remaining, necessitating additional increases which drive further lapses of the relatively healthy, in a repeating cycle. Once anti-selection spirals are entered, it is often impossible for premiums to ever catch up to claims and the pool just continues to shrink and increase in claims cost. Pre-ACA, carriers would respond to these spirals by closing the pool off to new entrants and launch a new product to start a fresh pool, but with guaranteed issue and renewable ACA policies, this is not an option. A different solution was needed.

This solution was the SRP, which has been a resounding success at halting the anti-selection spiral and first stabilizing and then growing the Individual marketplace. The SRP program has lowered average Individual rates by a cumulative 31.7% since 2018, and this reversed the enrollment losses and led to enrollment growing from 179k at the end of 2018 to 229k as of the middle of 2021. Based on on-exchange enrollment gains during the 2022 enrollment period, the enrollment growth is going to continue into 2022. This new enrollment has on average been younger and healthier and has helped to reverse the anti-selection that occurred prior to the SRP. **Per the Kaiser Family Foundation, the SRP has pushed MD rates to the lowest in the nation for both 2021 and 2022.** This is largely due to Maryland's reinsurance program being the largest and most ambitious program out of the 14 states that have been granted 1332 waivers, and puts Maryland as a leader in the nation.

It is absolutely essential for Maryland to renew its 1332 waiver. If the waiver were to not be renewed and the SRP was to abruptly end, rates in the Individual market could be expected to increase by over 50% in the first year that the waiver expired, which would re-start the anti-selection spiral and lead to 20%+ increases for at minimum several years after that. Rates would be expected to double or even triple within five years with enrollment once again plummeting. Uninsured rates would increase and the Individual market would no longer provide a meaningful safety net for those who need coverage because they are self-employed or to bridge gaps between employer-sponsored coverage

While alternative sources of funding for a 1332 waiver are utilized in other states and could potentially be utilized in Maryland, extending the current 1% fee is the easiest and least disruptive way to fund the SRP. Since the 1% fee is already built into rates in all market segments, which are subject to §§ 6–102.1, extending the fee will be rate neutral and will not result in any rate increases for any Maryland residents. Since the MIA is already collecting the fee, there are no additional administrative costs or considerations that need to be considered as would be the case with other funding sources. While the MIA does not oppose the exploration of alternative funding sources via a workgroup, we do recommend that the assessment be extended in the short-term so that there is no risk that the 1332 waiver renewal will not be completed in time.

While it may initially seem that the SRP only benefits the Individual market and does not benefit the other markets which are being assessed. The MIA would like to point out that there are actually a variety of benefits. First, the Individual marketplace serves as a safety net for those who lose their employer-sponsored coverage, such as those aging off their parent's plan at age 26 or those who are temporarily unemployed. The SRP provides these people with an

extremely affordable option compared to COBRA premiums, and has been an especially valuable safety net over the last two years when many people temporarily lost their employer-sponsored coverage due to the COVID-19 pandemic. Second, employers have been increasingly utilizing Qualified Small Employer HRAs (QSERAs) and Individual Coverage HRAs (ICHRAs) which were introduced by the federal government in 2016 and 2019 respectively. These HRAs both allow employers to contribute tax-advantage money to an HRA account which can then be used by the employee to purchase an Individual plan from the marketplace. These employees do directly benefit from the lower premiums afforded by the SRP, and make these HRA options a valuable alternative for employers wishing to provide coverage to their employees without directly purchasing insurance. Finally, ACA dental enrollment increased 39% from 2019 to 2021, and is expected to have another double digit year of enrollment growth based on early MHBE data. Given that both rates and benefits have been stable over this time, it is reasonable to attribute this growth to be at least partially driven by consumers using some of their premium reduction on the medical rates to take the opportunity to add a dental plan.

With respect to whether the 1% state fee is necessary to allow the SRP continue to function, the MIA would like to discuss the financial condition of the program and the large amount of uncertainty that remains in projecting the costs out through the next 5-year waiver period. A useful metric is to measure the size of the annual federal pass-through in relation to the cost of the program. In 2019, the pass-through percentage was 106%, meaning the federal pass-throughs exceeded the cost of the program. Likewise, in 2020, the pass-through percentage was 112%. This left the state with $67 million of unused pass-through and $345 million of unused state funds as of the end of 2020, the last plan year where numbers are finalized. For 2021, the costs of the program will not be known until June, but are currently projected to be $435 million. When the pass-throughs were originally announced, they would have funded 80% of this cost, which would have meant all of the unused pass-throughs from the first two years would have been used up and the state would have contributed $20 million. However, when the American Rescue Plan (ARPA) passed in mid-2021, this significantly increased the number of individuals eligible for a federal Advance Premium Tax Credit (APTC), which significantly increased the amount of pass-throughs. With the revised pass-throughs, the state is projected to be 110% funded for 2021. However, note that there is still a very real possibility that actual reinsurance costs could come in significantly higher than $435 million (which has not been explicitly updated for potential COVID-related costs) and that the pass-through percentage could end up being slightly below 100% for 2021.

In general, Maryland is one of only two states (the other is Alaska) that has received pass-throughs exceeding 100% of costs. The average pass-through percentage in 2020 was 67% and the average pass-through percentage in 2021, prior to ARPA, was 60%. When the enhanced APTCs under ARPA expire, currently scheduled for 2023, the expectation is that the Maryland pass through percentage will significantly decline. The best case scenario is likely the 80% that would have occurred in 2021 without ARPA. The worst case scenario could be as low as 50%. This means that the state will need to cover 20 to 50% of ongoing annual costs. The state's 1% fee would be expected to bring in 2024-2028 would be projected to generate an average of $139 million per year, while the expected costs to maintain the SRP at its current level is expected to

cost $619 million per year. This means that the fee would be sufficient to fund the program on an ongoing basis only if pass-throughs come in close to the best case expectations.

In closing, for the reasons explained above, the MIA supports SB 395, and urges the committee to give it a favorable report as an important consumer protection.

Support HB 413 - SB 395.pdf
Uploaded by: Deborah Rivkin
Position: FAV

Deborah Rivkin
Vice President
Government Affairs – Maryland

CareFirst BlueCross BlueShield
1501 S. Clinton Street, Suite 700
Baltimore, MD 21224-5744
Tel. 410-528-7054
Fax 410-528-7981

HB 413/SB 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Position: Favorable

Thank you for the opportunity to provide written comments in support of House Bill 413/Senate Bill 395. This bill extends the health insurance provider fee from 2023 to 2028 in order to support an extension of Maryland's Section 1332 State Innovation Waiver (1332 Waiver) to operate the State Reinsurance Program (SRP).

As part of its mission, CareFirst is committed to ensuring equitable access to quality, affordable health services. This commitment is reflected by the fact that CareFirst has been the only carrier to offer coverage in the individual market statewide continuously since 2014.

In 2018, Maryland's individual health care premiums had skyrocketed to unaffordable levels, resulting in many Marylander's dropping or forgoing their health insurance coverage. Between 2017 and 2019, individual market enrollment dropped from 224, 921 to 171,526. Heathy individuals were exiting the individual market, which created a downward spiral. Insurers had proposed to increase average individual market rates by more than 30% for 2019, on top of a 33% average increase for 2018 and a 25% average increase for 2017, due to the increased sickness of the risk pool.

During the 2018 legislative session, the Maryland General Assembly and Governor Hogan took action to reverse this downward spiral by passing and signing House Bill 1795 into law, which created a funding source for the SRP. The Maryland Health Benefit Exchange developed a 1332 Waiver to allow the state to received Federal "pass-through" funding, which has funded the vast majority of the SRP.

The intent of the SRP was to reduce sharp increases in individual market rates to prevent healthy individuals from leaving the market, and it has been successful. Since the implementation of the program in 2019, not only did the reinsurance program stem increases, but rates have decreased by an average of nearly 32%. The enrollment losses between 2017 and 2019 have been nearly completely erased, with individual market enrollment now standing at 221,797. We have also seen an insurer re-join the individual market, which has bolstered competition.

While the reinsurance program has successfully enabled tens of thousands of Marylanders to obtain individual market coverage and has prevented healthy individuals from leaving the market due to lack of affordability, it is still very much needed to maintain enrollment and keep rates stable. Removing reinsurance would lead to large spikes in premiums and healthy individuals leaving the market, returning the market to a downward spiral. Without a sustainable individual market, the needs of this population may go unmet and will result in uncompensated care costs for healthcare providers. Increases in uncompensated care will result in premium increases for businesses.

We have 3 years of data demonstrating the clear success of the existing solution and level of funding. Estimates from the MHBE's contracted actuary, Lewis & Ellis, show that if enhanced Federal subsidies are not continued past 2022, the state will need to dip into reserve funds for 2023. This indicates the existing assessment level is not too high, and may even be too low, to adequately fund the SRP over the long-term on an annual basis. The most significant variable in SRP funding projections is the amount of Federal pass-through, which cannot be accurately predicted and has been subject to significant volatility. For example, for the 2021 benefit year, Lewis & Ellis estimated the pass-through would be $567,748,703. The Federal

government initially stated that the pass-through would $335,383,207, but then subsequently increased that to $474,542,755 due to a temporary increase to Federal financial assistance. Reducing the assessment will further increase the risk for the state that there is a shortfall in the later years of the renewed waiver's term. CareFirst believe the existing 1% assessment should be continued to minimize this risk.

Action should be taken by the General Assembly this year. Waiting another year to renew the assessment could delay the state's 1332 waiver renewal application and risk approval before 2024 Open Enrollment begins. The MHBE has stated they need to submit their application by April 1st, 2023, which is the minimum time the Centers for Medicare and Medicaid Services (CMS) requires to review and approve an updated waiver. This would mean that emergency legislation must be introduced and signed into law before the end of the 2023 legislative session for even the possibility of meeting the requisite timeframes. There is no reason to repeat the emergency process from 2018, when all of the necessary activities were completed just days before Open Enrollment. The General Assembly can avoid these risks by acting during this year's legislative session.

CareFirst believes it is vital to ensure the continued affordability of health insurance for individuals, particularly given the ongoing health and economic impacts of the COVID-19 pandemic. We strongly support House Bill 413/Senate Bill 395, which will help provide access to care for hundreds of thousands of Marylanders. We look forward to continued partnership with the state as they develop their application to renew the 1332 Waiver.

We urge a favorable report.

About CareFirst BlueCross BlueShield

In its 84th 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.

3 - SB 395 - FIN - MHBE - LOS.docx.pdf
Uploaded by: Heather Shek
Position: FAV

MARYLAND HEALTH BENEFIT EXCHANGE

750 E. Pratt St., 6th floor
Baltimore, MD 21202
marylandhbe.com

February 9, 2022

The Honorable Delores G. Kelley
Senate Finance Committee
Senate Office Building, 3 East Wing
11 Bladen St.
Annapolis, MD 21401

Re: Letter of Support – SB 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Dear Chair Kelley and Committee Members

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support on Senate Bill (SB) 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee. SB 395 will determine the future of the State Reinsurance Program (SRP).

The SRP is key to the affordability of individual health coverage in Maryland. In 2018, bipartisan action to establish the SRP stabilized the market, preventing premiums from rising by a projected 200 percent. Premiums have instead decreased by over 31 percent since the program's inception. Enrollment in private plans increased to 181,000 for 2022, up by 9 percent from 2021; both were record-breaking years. The SRP also helped to set the stage for a more competitive market in Maryland. After the launch of the SRP, the number of insurers participating in the individual market grew for the first time since 2015.

Affordable premiums have helped shrink gaps in health equity. During open enrollment for 2022, enrollments of Black and Hispanic residents, who are disproportionately likely to lack health insurance, grew by 10 percent and 13 percent, respectively. Lower rates have also made the individual market more affordable for young adults, who are also disproportionately likely to be uninsured and whose participation lowers rates for the entire market. Enrollment of 26–34-year-olds grew 9 percent for 2022. Though these recent gains in enrollment and affordability are due in part to enhanced subsidies through the American Rescue Plan and MHBE's complementary affordability initiatives like the Young Adult Premium Assistance Program, they would not have been possible without the SRP.

Without the extension of the provider fee, the SRP would end, and premiums would increase to the high and rising rates seen before the SRP. For example, we project that without continuation of the reinsurance program, average monthly premiums could nearly triple in the coming years, from about $430 in 2022 to about $1,200 by 2029. The end of the SRP would

MARYLAND HEALTH BENEFIT EXCHANGE

750 E. Pratt St., 6th floor
Baltimore, MD 21202
marylandhbe.com

compromise affordability and enrollment at a time when COVID-19 continues to severely threaten public health. Continuation of the provider fee would not increase rates, as the fee is already reflected in rates; consequently, the fee's continuation would not lead to any changes in enrollees' current rates.

It would be ideal to pass legislation during the current legislative session to establish the future state funding source for the SRP because MHBE must submit a waiver extension application to the federal government by March 30, 2023. In order to prepare the application, including required actuarial analysis, MHBE needs to be able to project state funding levels.

For further discussions or questions on SB 395, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,

Michele Eberle

Michele Eberle
Executive Director

SB 395 – Health Insurance – Individual Market Stab

Uploaded by: Jake Whitaker

Position: FAV

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

LARRY HOGAN
GOVERNOR

STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401-1925
(410) 974-3901
(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

SB 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee
Jake Whitaker, Deputy Legislative Officer
Position: Favorable
February 9, 2022

Dear Chair Kelley, Vice Chair Feldman, and members of the Committee,

We respectfully submit this letter of support for Senate Bill (SB) 395 **– Health Insurance – Individual Market Stabilization – Extension of Provider Fee**.

The State Reinsurance Program (SRP) has been an overwhelming success at increasing participation in the individual health insurance market and significantly lowering premiums paid by Marylanders. The SRP was created through bi-partisan legislation signed by Governor Hogan in 2018 after several years of increasing premium rates for individual health insurance market plans offered through the Maryland Health Benefit Exchange (MHBE). Before this program stabilized the individual market, premiums were projected to grow by over 200 percent between 2018 and 2022. Instead, premiums are down by over 30 percent since the program was implemented in 2019. Maryland is now a national leader in health insurance market innovation, and according to analysis by the Kaiser Family Foundation, Maryland now has, on average, the **lowest individual market premiums in the nation**.

SB 395 will help ensure the long-term stability of the nation's leading individual health insurance market by extending the SRP's state funding source through 2028. The SRP successfully leveraged a moratorium on a pre-existing federal 2.75 percent premium assessment in 2019, and was subsequently lowered to one percent in 2020. SB 395 simply extends the existing one percent premium assessment already being paid by commercial health insurers. The Maryland Insurance Administration (MIA) considers insurer costs, including premium assessments, when setting insurance rates. As this legislation does not increase the existing premium assessment and therefore the costs borne by insurers, **insurance premiums, including small group market premiums paid by small businesses, will not rise due to this bill**. SB 395, offers a "best of both worlds" scenario where individual market premiums remain amongst the lowest in the nation, while simultaneously leaving other insurance market premiums, including premiums paid by small businesses unaffected.

It is critical that the General Assembly extend the provider assessment during the 2022 legislative session. MHBE must submit a waiver extension application to the federal government by March 30, 2023. The waiver extension application requires extensive preparation, including actuarial analyses that require projecting future state funding levels. By passing SB 395 during the 2022 legislative session, MHBE and the MIA will have the information necessary and the time needed to effectively prepare and complete the waiver application by the

deadline. If the waiver isn't renewed, and the SRP were to abruptly end, rates could go up by as much as 50 percent in the first year alone.

For the aforementioned reasons, we respectfully request a favorable report on SB 395.

SB 395 2022 MIA Pre-Filed Testimony Final.pdf
Uploaded by: Kathleen Birrane
Position: FAV

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

KATHLEEN A. BIRRANE
Commissioner

GREGORY M. DERWART
Deputy Commissioner

Maryland
INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2471 Fax: 410-468-2020
Email: kathleen.birrane@maryland.gov
www.insurance.maryland.gov

TESTIMONY OF
THE
MARYLAND INSURANCE ADMINISTRATION
BEFORE THE
SENATE FINANCE COMMITTEE

FEBRUARY 9, 2022

SENATE BILL 395 – HEALTH INSURANCE – INDIVIDUAL MARKET STABILIZATION – EXTENSION OF PROVIDER FEE

POSITION: SUPPORT

Thank you for the opportunity to provide written comments regarding Senate Bill 395.

SB 395 amends § 6–102.1 of the Insurance Article to extend the 1% health insurance provider fee through 2028. This fee has been used to fund the State Reinsurance Program (SRP) under the Section 1332 State Innovation Waiver, which has successfully stabilized the Individual Marketplace by reducing rates by over 31%, which has helped to reverse the significant enrollment decline and grow the market by more than 22% since the low reached in December 2018. 1332 Waivers are approved for 5-year periods, and 2023 is the last year of the current waiver. The purpose of extending the fee is to provide funding for a second 5-year waiver period and enable the Maryland Health Benefit Exchange (MHBE) and their consulting actuaries to submit a completed renewal waiver application, which includes a detailed actuarial projection to demonstrate that funding will be sufficient to cover costs, by March of 2023 as required by Center for Medicare & Medicaid Services (CMS).

When the original waiver was first proposed during the 2018 legislative session, the carriers in the Affordable Care Act (ACA) marketplace had lost a cumulative $500 million from 2014-2018 due to the ACA rates being inadequate to cover the much larger than expected claims cost of the guarantee-issue non-underwritten ACA marketplace. The MIA had approved large 20 to 40% increases in 2017 and 2018 (driven by claims far exceeding premiums), and this had resulted in large 15% declines in annual enrollment. This was the beginning of an "anti-selection" spiral where large rate increases lead to healthier than average members lapsing,

which increase the average claims costs of those remaining, necessitating additional increases which drive further lapses of the relatively healthy, in a repeating cycle. Once anti-selection spirals are entered, it is often impossible for premiums to ever catch up to claims and the pool just continues to shrink and increase in claims cost. Pre-ACA, carriers would respond to these spirals by closing the pool off to new entrants and launch a new product to start a fresh pool, but with guaranteed issue and renewable ACA policies, this is not an option. A different solution was needed.

This solution was the SRP, which has been a resounding success at halting the anti-selection spiral and first stabilizing and then growing the Individual marketplace. The SRP program has lowered average Individual rates by a cumulative 31.7% since 2018, and this reversed the enrollment losses and led to enrollment growing from 179k at the end of 2018 to 229k as of the middle of 2021. Based on on-exchange enrollment gains during the 2022 enrollment period, the enrollment growth is going to continue into 2022. This new enrollment has on average been younger and healthier and has helped to reverse the anti-selection that occurred prior to the SRP. **Per the Kaiser Family Foundation, the SRP has pushed MD rates to the lowest in the nation for both 2021 and 2022.** This is largely due to Maryland's reinsurance program being the largest and most ambitious program out of the 14 states that have been granted 1332 waivers, and puts Maryland as a leader in the nation.

It is absolutely essential for Maryland to renew its 1332 waiver. If the waiver were to not be renewed and the SRP was to abruptly end, rates in the Individual market could be expected to increase by over 50% in the first year that the waiver expired, which would re-start the anti-selection spiral and lead to 20%+ increases for at minimum several years after that. Rates would be expected to double or even triple within five years with enrollment once again plummeting. Uninsured rates would increase and the Individual market would no longer provide a meaningful safety net for those who need coverage because they are self-employed or to bridge gaps between employer-sponsored coverage

While alternative sources of funding for a 1332 waiver are utilized in other states and could potentially be utilized in Maryland, extending the current 1% fee is the easiest and least disruptive way to fund the SRP. Since the 1% fee is already built into rates in all market segments, which are subject to §§ 6–102.1, extending the fee will be rate neutral and will not result in any rate increases for any Maryland residents. Since the MIA is already collecting the fee, there are no additional administrative costs or considerations that need to be considered as would be the case with other funding sources. While the MIA does not oppose the exploration of alternative funding sources via a workgroup, we do recommend that the assessment be extended in the short-term so that there is no risk that the 1332 waiver renewal will not be completed in time.

While it may initially seem that the SRP only benefits the Individual market and does not benefit the other markets which are being assessed. The MIA would like to point out that there are actually a variety of benefits. First, the Individual marketplace serves as a safety net for those who lose their employer-sponsored coverage, such as those aging off their parent's plan at age 26 or those who are temporarily unemployed. The SRP provides these people with an

extremely affordable option compared to COBRA premiums, and has been an especially valuable safety net over the last two years when many people temporarily lost their employer-sponsored coverage due to the COVID-19 pandemic. Second, employers have been increasingly utilizing Qualified Small Employer HRAs (QSERAs) and Individual Coverage HRAs (ICHRAs) which were introduced by the federal government in 2016 and 2019 respectively. These HRAs both allow employers to contribute tax-advantage money to an HRA account which can then be used by the employee to purchase an Individual plan from the marketplace. These employees do directly benefit from the lower premiums afforded by the SRP, and make these HRA options a valuable alternative for employers wishing to provide coverage to their employees without directly purchasing insurance. Finally, ACA dental enrollment increased 39% from 2019 to 2021, and is expected to have another double digit year of enrollment growth based on early MHBE data. Given that both rates and benefits have been stable over this time, it is reasonable to attribute this growth to be at least partially driven by consumers using some of their premium reduction on the medical rates to take the opportunity to add a dental plan.

With respect to whether the 1% state fee is necessary to allow the SRP continue to function, the MIA would like to discuss the financial condition of the program and the large amount of uncertainty that remains in projecting the costs out through the next 5-year waiver period. A useful metric is to measure the size of the annual federal pass-through in relation to the cost of the program. In 2019, the pass-through percentage was 106%, meaning the federal pass-throughs exceeded the cost of the program. Likewise, in 2020, the pass-through percentage was 112%. This left the state with $67 million of unused pass-through and $345 million of unused state funds as of the end of 2020, the last plan year where numbers are finalized. For 2021, the costs of the program will not be known until June, but are currently projected to be $435 million. When the pass-throughs were originally announced, they would have funded 80% of this cost, which would have meant all of the unused pass-throughs from the first two years would have been used up and the state would have contributed $20 million. However, when the American Rescue Plan (ARPA) passed in mid-2021, this significantly increased the number of individuals eligible for a federal Advance Premium Tax Credit (APTC), which significantly increased the amount of pass-throughs. With the revised pass-throughs, the state is projected to be 110% funded for 2021. However, note that there is still a very real possibility that actual reinsurance costs could come in significantly higher than $435 million (which has not been explicitly updated for potential COVID-related costs) and that the pass-through percentage could end up being slightly below 100% for 2021.

In general, Maryland is one of only two states (the other is Alaska) that has received pass-throughs exceeding 100% of costs. The average pass-through percentage in 2020 was 67% and the average pass-through percentage in 2021, prior to ARPA, was 60%. When the enhanced APTCs under ARPA expire, currently scheduled for 2023, the expectation is that the Maryland pass through percentage will significantly decline. The best case scenario is likely the 80% that would have occurred in 2021 without ARPA. The worst case scenario could be as low as 50%. This means that the state will need to cover 20 to 50% of ongoing annual costs. The state's 1% fee would be expected to bring in 2024-2028 would be projected to generate an average of $139 million per year, while the expected costs to maintain the SRP at its current level is expected to

cost $619 million per year. This means that the fee would be sufficient to fund the program on an ongoing basis only if pass-throughs come in close to the best case expectations.

In closing, for the reasons explained above, the MIA supports SB 395, and urges the committee to give it a favorable report as an important consumer protection.

sb395, MD individual makrket stablization extensio

Uploaded by: Lee Hudson

Position: FAV

Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony prepared for the
Finance Committee
on
Senate Bill 395
February 9, 2022
Position: **Favorable**

Madam Chair and members of the Committee, thank you for the opportunity to advocate for access to health care in our State. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America; a faith community with three synods, in every part of Maryland.

My faith community has supported many policies and legislative instruments that have made Maryland one of the top five States in the nation for expanded access to health care. **Senate Bill 395** will continue one of them.

The element of finance for Maryland's Individual Market addressed with Senate Bill 395 has proven to be exceptionally beneficial. It has kept that market open and stable. It has qualified Maryland to access federal funds to stabilize its market. And it has enabled incremental expansion of access more recently to under- and uninsured demographics. Those modest expansions address a persistent racial disparity in health care and health outcomes, a particular interest of our community.

We appreciate the work of this Committee, and Governor Hogan's administration support of access to health care. Senate Bill 395 will extend a policy that has been successful for Maryland and its citizens.

We ask your favorable report.

Lee Hudson

5699 Meridale Rd. Baltimore, MD 21228 410-230-2860 800-869-5492 fax 410-230-2871

SB 395 - FIN - MDH - LOS.docx.pdf
Uploaded by: Maryland Department of Health /Office of Governmen Bennardi
Position: FAV

Maryland
DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

February 9, 2022

The Honorable Delores Kelly
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401- 1991

RE: SB 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Dear Chair Kelley and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of support on Senate Bill (SB) 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee. SB 395 will determine the future of the State Reinsurance Program (SRP) Continuing the stabilization of the individual health insurance market by extending to calendar year 2028 the assessment of a health insurance provider fee.

In 2018, the General Assembly and Governor Hogan worked together on a bi-partisan basis to pass two critical pieces of legislation – HB 1795 and SB 387 – to create and fund the claims-based State Reinsurance Program. Through the State Reinsurance Program and the hard work of our colleagues at the Maryland Insurance Administration and MHBE, Maryland delivered a net reduction in health insurance premiums for 2020 by an average of 10.3% and in 2019 by an average of 13.2 percent. Enrollment in private plans on Maryland Health Connection increased to 181,000 for 2022, up by 9 percent from 2021. Total individual market enrollment, both on and off-exchange, has also grown substantially in recent years, increasing 22% between December 2019 and July 2021 (from 179,000 to 219,000). Maryland is now a national leader in health insurance market innovation, and according to analysis by the Kaiser Family Foundation, has on average, the lowest individual market premiums in the nation.

Without the extension of the provider fee, the SRP would end, and premiums would increase to the high and rising rates seen before the SRP. Now more than ever, access to affordable health insurance is critical, as such MDH respectfully requests the Committee return a favorable report for SB 395.

If you have any questions, please contact Heather Shek, Director of Governmental Affairs, at heather.shek@maryland.gov or (443) 695-4218.

Sincerely,

Dennis R. Schrader
Secretary

SB 395 Health Insurance.pdf
Uploaded by: Michael Paddy
Position: FAV

Maryland
Hospital Association

February 9, 2022

To: The Honorable Delores G. Kelley, Chair, Senate Finance Committee

Re: Letter of Support – Senate Bill 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Dear Chair Kelley:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment on Senate Bill 395. Broad based, affordable, and comprehensive health insurance is integral to hospitals' ability to deliver high-quality care. It also is key to the state's success under the Total Cost of Care Model, which holds hospitals accountable for whole-person care, including population health.

Maryland hospitals are strong proponents of the state's efforts to expand health care coverage, including Medicaid expansion, subsidized individual and small group health plans through the Maryland Health Benefit Exchange, and, most recently, the individual market reinsurance program that is the subject of this proposed bill.

Individual premiums consistently declined since the reinsurance program was established in 2018. Premiums fell by an average of 11.9% for 2021 and more than 30% compared to 2018.[1] Additionally, participating carriers are required to invest in efforts to manage care—and thus contain costs—for enrollees whose claims were reimbursed by the reinsurance program. This includes aligning population health goals with Maryland's Statewide Integrated Health Improvement Strategy.

MHA supports the successful individual market reinsurance program to bolster coverage for high-cost enrollees. The reinsurance program allowed high-cost enrollees to maintain coverage for much-needed care while stabilizing the insurance market so premiums remain affordable. This allows hospitals to continue to deliver lower-cost, higher-quality care for all Marylanders.

For these reasons, we urge a favorable report on SB 395.

For more information, please contact:
Michael Paddy, Director, Government Affairs
Mpaddy@mhaonline.org

[1] www.marylandhbe.com/wp-content/uploads/2021/07/Reinsurance-Annual-Public-Forum-2021_Presentation.pdf

3 - SB 395 - FIN - MHBE - LOS.pdf
Uploaded by: Michele Eberle
Position: FAV

MARYLAND HEALTH BENEFIT EXCHANGE

750 E. Pratt St., 6th floor
Baltimore, MD 21202
marylandhbe.com

February 9, 2022

The Honorable Delores G. Kelley
Senate Finance Committee
Senate Office Building, 3 East Wing
11 Bladen St.
Annapolis, MD 21401

Re: Letter of Support – SB 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Dear Chair Kelley and Committee Members

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of support on Senate Bill (SB) 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee. SB 395 will determine the future of the State Reinsurance Program (SRP).

The SRP is key to the affordability of individual health coverage in Maryland. In 2018, bipartisan action to establish the SRP stabilized the market, preventing premiums from rising by a projected 200 percent. Premiums have instead decreased by over 31 percent since the program's inception. Enrollment in private plans increased to 181,000 for 2022, up by 9 percent from 2021; both were record-breaking years. The SRP also helped to set the stage for a more competitive market in Maryland. After the launch of the SRP, the number of insurers participating in the individual market grew for the first time since 2015.

Affordable premiums have helped shrink gaps in health equity. During open enrollment for 2022, enrollments of Black and Hispanic residents, who are disproportionately likely to lack health insurance, grew by 10 percent and 13 percent, respectively. Lower rates have also made the individual market more affordable for young adults, who are also disproportionately likely to be uninsured and whose participation lowers rates for the entire market. Enrollment of 26–34-year-olds grew 9 percent for 2022. Though these recent gains in enrollment and affordability are due in part to enhanced subsidies through the American Rescue Plan and MHBE's complementary affordability initiatives like the Young Adult Premium Assistance Program, they would not have been possible without the SRP.

Without the extension of the provider fee, the SRP would end, and premiums would increase to the high and rising rates seen before the SRP. For example, we project that without continuation of the reinsurance program, average monthly premiums could nearly triple in the coming years, from about $430 in 2022 to about $1,200 by 2029. The end of the SRP would compromise affordability and enrollment at a time when COVID-19 continues to severely threaten public health. Continuation of the provider fee would not increase rates, as the fee is

MARYLAND HEALTH BENEFIT EXCHANGE

750 E. Pratt St., 6th floor
Baltimore, MD 21202
marylandhbe.com

already reflected in rates; consequently, the fee's continuation would not lead to any changes in enrollees' current rates.

It would be ideal to pass legislation during the current legislative session to establish the future state funding source for the SRP because MHBE must submit a waiver extension application to the federal government by March 30, 2023. In order to prepare the application, including required actuarial analysis, MHBE needs to be able to project state funding levels.

For further discussions or questions on SB 395, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,

Michele Eberle

Michele Eberle
Executive Director

NCADD-MD - SB 395 FAV - Reinsurance.pdf
Uploaded by: Nancy Rosen-Cohen
Position: FAV

Senate Finance Committee
February 9, 2022

Senate Bill 395
Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Support

Amid the COVID-19 pandemic, the pre-existing opioid overdose death fatality crisis has worsened. In Maryland, the number of opioid-related deaths increased by 20% between 2019 and 2020, and preliminary data indicates a continued increase in 2021.

The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) supports Senate Bill 395 to continue the state's Reinsurance Program through 2028.

Maryland has made significant progress in reducing the number of people without health insurance. Having access to health care services, including addiction treatment, is life-saving for people with substance use disorders. For those accessing services through being enrolled in Medicaid, they face challenges when their incomes increase slightly through employment. They "churn" into coverage under a qualified health plan on the Maryland Health Benefit Exchange.

The Reinsurance Program has been highly successful in lowering the cost of premiums for working people with lower incomes, and thereby reducing the number of uninsured individuals. It also makes it more affordable for people to purchase plans with lower cost-sharing requirements on the Maryland Health Benefits Exchange. Cost-sharing requirements are often barriers to accessing care, as their incomes are often not high enough to be able to afford copayments or other cost-sharing arrangements.

We urge your support of Senate Bill 395.

The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) is a statewide organization that works to influence public and private policies on addiction, treatment, and recovery, reduce the stigma associated with the disease, and improve the understanding of addictions and the recovery process. We advocate for and with individuals and families who are affected by alcoholism and drug addiction.

National Council on Alcoholism & Drug Dependence – Maryland Chapter
28 E. Ostend Street, Suite 303, Baltimore, MD 21230 · 410-625-6482 · fax 410-625-6484
www.ncaddmaryland.org

OAG HEAU_FAV_SB0395.pdf
Uploaded by: Patricia O'Connor
Position: FAV

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General

WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Direct Fax No.
(410) 576-6571

Writer's Direct Email:
poconnor@oag.state.md.us

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.
(410) 576-6515

February 7, 2022

To: The Honorable Delores G. Kelley
Chair, Finance Committee

From: The Office of the Attorney General's Health Education and Advocacy Unit

Re: Senate Bill 395 (Health Insurance – Individual Market Stabilization – Extension of Provider Fee): Support

The Office of the Attorney General's Health Education and Advocacy Unit (HEAU) supports Senate Bill 395 which would extend funding for the Maryland Health Benefit Exchange's (MHBE) reinsurance program from 2023 to 2028. Since the reinsurance program began in 2019, premiums for federally qualified individual health plans (QHPs) have been reduced by 31%. According to MHBE, continuing the funding should maintain the stability Maryland's marketplace has gained as a result of the reinsurance program.

The bill would specifically amend Md. Code Ann., Ins. §6–102.1 as follows:

(b) The purpose of this section is to assist in the stabilization of the individual health insurance market by assessing a health insurance provider fee that is attributable to State health risk for calendar years 2019 through [2023] **2028**, both inclusive, as provided for under subsection (c) of this section.

(c) (1) In calendar year 2019, in addition to the amounts otherwise due under this subtitle, an entity subject to this section shall be subject to an assessment of 2.75% on all amounts used to calculate the entity's premium tax liability under § 6–102 of this subtitle or the amount of the entity's premium tax exemption value for calendar year 2018.

(2) In calendar years 2020 through [2023] **2028**, both inclusive, in addition to the amounts otherwise due under this subtitle, an entity subject to this section shall be subject to an assessment of 1% on all amounts used to calculate the entity's premium tax liability

under § 6–102 of this subtitle or the amount of the entity's premium tax exemption value for the immediately preceding calendar year.

We ask the committee for a favorable report.

cc: Sponsor

2022 ACNM SB 395 Senate Side.pdf
Uploaded by: Robyn Elliott
Position: FAV

Support

Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Senate Finance Committee

February 9, 2022

The Maryland Affiliate of the American College of Nurse-Midwives (ACNM) supports *Senate Bill395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee.* The bill extends the reinsurance program through support from use fees through 2028.

ACNM supports this legislation because it has been highly successful in making insurance more affordable for consumers utilizing the Maryland Health Benefit Exchange. The program uses the reinsurance fund, a combination of state-collected user fees from insurers and matching federal funds, to lower premiums for silver plans. As a result, there has been significant growth for adults and families in obtaining coverage – particularly for those individuals whose income is slightly too high to obtain full federal subsidies.

The reinsurance program is an essential part of Maryland's public health strategy to lower the rate of uninsured, expand access, and improve outcomes. We as for a favorable report. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

2022 LCPCM SB 395 House Side.pdf
Uploaded by: Robyn Elliott
Position: FAV

LICENSED CLINICAL PROFESSIONAL COUNSELORS OF MARYLAND

Committee: **Senate Finance Committee**

Bill Number: **Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee**

Hearing Date: **February 9, 2022**

Position: **Support**

The Licensed Clinical Professional Counselors of Maryland (LCPCM) strongly supports *Senate Bill 395 – Health Insurance -Individual Market Stabilization – Extension of Provider Fee.* The bill extends the Reinsurance Program through 2028.

Under the Reinsurance Program, silver level plans through the Health Benefit Exchange have been far more affordable; and as a result, a much higher percentage of people have enrolled in these plans. Because silver plans have lower cost sharing requirements than bronze plans, more people can afford to obtain health care services under silver plans. When people with bronze plans try to obtain health care services, they may still struggle to afford care because of the cost-sharing requirements.

Cost-sharing requirements are a significant barrier for people seeking long-term or intensive behavioral health services, such as substance use disorder treatment. The Reinsurance Program has made these services more accessible because cost-sharing is not as much of a barrier in the subsidized silver plans.

Please continue the highly successful Reinsurance Program and vote favorably on SB 395. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

2022 MCHS SB 395 Senate Side.pdf
Uploaded by: Robyn Elliott
Position: FAV

Maryland Community Health System

Committee: **Senate Finance Committee**

Bill: **Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee**

Hearing Date: **February 9, 2022**

Position: **Support**

The Maryland Community Health System (MCHS) strongly supports *Senate Bill 395- Health Insurance – Individual Market Stabilization – Extension of Provider Fee.* This critical legislation would extend the Reimbursement Program through 2028.

The Reinsurance Program has been Maryland's most effective strategy for reducing the rate of uninsured among working families. The Reinsurance Program has lowered the premium rates of silver plans, making the plans significantly more affordable to individuals who do noy qualify for full federal subsidies for qualified health plans.

In December 2021, the Maryland Health Benefit Exchange reported that for families in the range of 150%-200% of federal poverty levels, the number of people in silver plans was 16,635, while the number of people in bronze plans was 4,448[i]. This figure has incredibly meaningful implications regarding access. **Almost as four times as many people in the 150-200% FPL range were enrolled in plans that offered lower cost-sharing. Individuals with silver plans can access more health care services because cost-sharing is not as much as a barrier.**

We ask for a favorable report. **This legislation is the single most important measure before the Maryland General Assembly this year on making insurance more affordable for working Marylanders**. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

---

[i] https://www.marylandhbe.com/wp-content/uploads/2022/01/Executive-Report-12312021.pdf

2022 MDAC SB 395 Senate Side.pdf
Uploaded by: Robyn Elliott
Position: FAV

Maryland Dental Action Coalition

10015 Old Columbia Road, Suite B-215
Columbia, Maryland 21046
www.mdac.us

Committee: **Senate Finance Committee**

Bill Number: **Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee**

Hearing Date: **February 9, 2022**

Position: **Support**

The Maryland Dental Action Coalition (MDAC) strongly supports *Senate Bill 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fees.* The bill extends the State's Reinsurance Program through 2028.

The Reinsurance Program has had a profound and significant impact on the number of people with private insurance particularly through silver level plans. With the additional premium support provided under the Program, premiums have dropped for qualified health benefit plans under the Maryland Health Benefit Exchange. As a result, more people have been able to afford dental insurance. In December 2021, the Exchange reported that 57,083 were covered under dental plans through the Exchange.[i]

The Reinsurance Program has proven to be the most effective strategy in making dental coverage more accessible for the working families who are covered through the Exchange. We strongly urge a favorable report. If we can provide any further information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

[i] https://www.marylandhbe.com/wp-content/uploads/2022/01/Executive-Report-12312021.pdf

2022 MNA SB 395 Senate Side.docx.pdf
Uploaded by: Robyn Elliott
Position: FAV

Committee:	**Senate Finance Committee**
Bill:	**Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee**
Hearing Date:	**February 9, 2022**
Position:	**Support**

The Maryland Nurses Association strongly supports *Senate Bill 395- Health Insurance – Individual Market Stabilization – Extension of Provider Fee.* This legislation would ensure Maryland's Reinsurance Program could continue through 2028.

The Reinsurance Program has been Maryland's most effective strategy for reducing the rate of uninsured among low-income families by lowering premiums for plans purchased on the Health Benefit Exchange. Exchange coverage is important is every single region of the state. It reaches rural communities with enrollment such as over 6,000 people in Harford County to almost 14,000 in more densely populated Anne Arundel County. Overall, almost 175,000 Marylanders are covered through the Maryland Health Benefit Exchange.[i]

We ask for a favorable report. **This legislation is the most effective strategy at keeping health insurance affordable for working families.** If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

[i] https://www.marylandhbe.com/wp-content/uploads/2022/01/Executive-Report-12312021.pdf

2022 MOTA SB 395 Senate Side.docx.pdf
Uploaded by: Robyn Elliott
Position: FAV

Maryland Occupational Therapy Association

PO Box 36401, Towson, Maryland 21286 ♦ motamembers.org

Committee: **Senate Finance Committee**

Bill: **Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee**

Hearing Date: **February 9, 2022**

Position: **Support**

The Maryland Occupational Therapy Association strongly supports *Senate Bill 395- Health Insurance – Individual Market Stabilization – Extension of Provider Fee.* This legislation would ensure Maryland's Reinsurance Program could continue through 2028.

MOTA supports the Reinsurance Program because it has made insurance coverage more affordable for working families under the Exchange. The Program has lowered premiums significantly for individuals on silver level plans. These plans are preferable over bronze plans because the cost-sharing requirements are lower. This means that consumers do not face as many cost barriers in obtaining care.

We ask for a favorable report. This legislation is the most effective strategy at keeping health insurance affordable for working families. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

2022 Moveable Feast SB 395 Senate Side.pdf
Uploaded by: Robyn Elliott
Position: FAV

Committee:	**Senate Finance Committee**
Bill Number:	**Senate Bill 395 - Health Insurance – Individual Market Stabilization – Extension of Provider Fee**
Hearing Date:	**February 9, 2022**
Position:	**Support**

Moveable Feast supports *Senate Bill 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fees.* The bill would continue the state's Reinsurance Program through 2028.

Moveable Feast, through nutritional counseling and medically-tailored meals, serves individuals living at the intersection of food insecurity and chronic illness. Many of our clients participate in the Medicaid program. If their incomes increase slightly through employment, they "churn" into coverage under a qualified health plan on the Maryland Health Benefit Exchange. The Reinsurance Program has been highly successful in:

- Lowering the cost of premiums for working people, including our clients, with lower incomes, and thereby reducing the number of uninsured individuals; and

- Making it more affordable for people to purchase plans with lower cost-sharing requirements on the Maryland Health Benefits Exchange. Cost-sharing requirements are a real barrier for our clients accessing care, as their incomes are often not high enough to be able to afford copayments or other cost-sharing arrangements.

We ask for a favorable report. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

MCHI_FAV_SB395.pdf
Uploaded by: Vincent DeMarco
Position: FAV

HEALTH CARE for ALL
MARYLAND CITIZENS' HEALTH INITIATIVE
2600 ST. PAUL STREET BALTIMORE, MD 21218 P: (410)235-9000 F: (410)235-8963 WWW.HEALTHCAREFORALL.COM

TESTIMONY IN SUPPORT OF SENATE BILL 395

Health Insurance – Individual Market Stabilization – Extension of Provider Fee
Before the Senate Finance Committee
By Vincent DeMarco, President, Maryland Citizens' Health Initiative, Inc.
February 9, 2022

Chair Kelley and Members of the Finance Committee, thank you for this opportunity to testify in support of Senate Bill 395 which would continue the assessment on insurers that under your leadership has been successfully improving access to quality, affordable health care in Maryland. We commend Governor Larry Hogan and the Maryland General Assembly for first enacting this life saving assessment in 2018 and we thank Governor Hogan for proposing here that it be extended. We also thank the Maryland Health Benefit Exchange for their great work in implementing the programs funded by the assessment.

Using the assessment, Maryland has created a successful reinsurance program, which allowed Maryland to leverage federal funds under a 1332 waiver to successfully stabilize premiums in the individual market. This has been helpful to Marylanders who do not qualify for federal advance premium tax credits due to their income. In addition, thanks to the success of the reinsurance program, a third carrier joined the individual market bringing more choice for consumers.[1]

The assessment has also funded the 2-year pilot state subsidy program to help young adults afford health coverage in the individual market that was created this year thanks to your leadership, and which is also expected to help stabilize premiums and reduce disparities by age, race, and ethnicity. The pilot has been a great success with approximately 9,000 new enrollees between the ages of 18-34 using the program so far, and more could still get coverage before open enrollment ends at the end of the month. Continuing the assessment could help to continue the program after the pilot period ends.

Finally, the assessment allocated $45 million over three years to fund the Health Equity Resource Community Program created under the Health Equity Resource Act you passed in 2021. The program will be implemented by the Community Health Resources Commission and will provide grants to organizations in under-served communities through the state to reduce health disparities by race, ethnicity, disability, location, and other demographics.

Thanks to your leadership, Maryland has one of the top five health care systems in the entire nation, and SB 395 will help us continue to lead. We urge a favorable report for SB 395.

---

[1] 2021 Report of the Maryland Health Insurance Coverage Protection Commission. http://dls.maryland.gov/pubs/prod/NoPblTabMtg/MryHltInsCovCmsn/2021-MD-Health-Ins-Coverage-Protection-Commision.pdf

SB0395_FWA_MedChi_HI - Individual Market Stabiliza

Uploaded by: Danna Kauffman

Position: FWA

MedChi

The Maryland State Medical Society

1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Delores G. Kelley, Chair
Members, Senate Finance Committee
The Hogan-Rutherford Administration

FROM: Danna L. Kauffman
Pamela Metz Kasemeyer
J. Steven Wise
Christine K. Krone

DATE: February 9, 2022

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 395 – *Health Insurance – Individual Market Stabilization – Extension of Provider Fee*

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports with amendment** Senate Bill 395. This bill extends the current health insurance provider fee from 2023 to 2028 for the purpose of assisting in the stabilization of the individual health insurance market through the State Reinsurance Program.

To be clear, MedChi supports the State Reinsurance Program and its goal to reduce costs to make insurance more affordable to individuals. However, we remain concerned, as we did in 2019 when the Program was first implemented, on how the provider fee is calculated and distributed among carriers. We also acknowledge that, since its implementation, the health insurance market has changed. As such, we believe it is now essential that the State re-examine not only the assessed fee but the application of this fee among carriers.

Specifically, as noted in the Kaiser Permanente testimony and amendments, the General Assembly must address certain issues prior to granting this extension. These issues include an analysis of how other funding sources or initiatives, such as those in the American Rescue Plan, have contributed to individuals having greater access to low-cost coverage in the individual market; how the tax is currently being used or diverted from the Program; and the impact that this Program may have increasing health care costs in other sectors of the marketplace, such as small employers and the Medicaid Program. The best approach to accomplish this is for the State to convene a workgroup with all affected stakeholders, including carriers, practitioners, businesses, and consumers, to evaluate the State Reinsurance Program and make recommendations for changes.

For more information call:
Danna L. Kauffman
Pamela Metz Kasemeyer
J. Steven Wise
Christine K. Krone
410-244-7000

SB 395_Reinsurance_Oppose Unless Amended.pdf
Uploaded by: Allison Taylor
Position: UNF

KAISER PERMANENTE®

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

February 9, 2022

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 395 – Oppose Unless Amended

Dear Chair Kelley and Members of the Committee:

Kaiser Permanente regretfully opposes SB 395, Health Insurance – Individual Market Stabilization – Extension of Provider Fee. While we support the State Reinsurance Program, we note that this legislation does not make changes to that program, and we believe substantial amendments are needed to address the concerns outlined below.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.[1] Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 800,000 members. In Maryland, we deliver care to over 460,000 members.

We generally support the State Reinsurance Program and the policy goals of lowering premiums, increasing enrollment, and stabilizing the market by mitigating the impact of certain high-risk claims. We acknowledge that the Program has achieved its intended purpose by lowering premiums in the individual market by over 30% within two years. Kaiser Permanente applauds the Governor and the General Assembly for their leadership on this and other initiatives to make insurance more affordable for Marylanders and recognizes the hard work that's gone in to establishing this program.

I. The Program's financing mechanism is flawed and merits reconsideration in advance of passing legislation extending the tax past 2023.

- **The tax is not calibrated to the Reinsurance Program and is being used for other purposes.** For 2019, health carriers and MCOs were subject to an assessment of 2.75% of its premium tax liability for 2019 and 1% of premium tax liability for 2020 through 2023. By the end of the Program's second year, the tax had generated approximately $600 million in surplus, of which the Governor and General Assembly diverted over $280

[1] Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation's largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente's members.

million to other purposes. Nevertheless, the program retains a surplus of over $350 million, and the Exchange projects that even under its most conservative assumptions, the program will have more than $200 million in surplus funds by the end of 2023. See Appendix 1.

- **Additional funding has become available.** State-based reinsurance programs were particularly useful after expiration of the temporary federal reinsurance program and when ACA market premiums were rising in most markets; they helped limit premium increases for consumers. However, the policy landscape has significantly changed recently.

    - The American Rescue Plan Act (ARPA) increased ACA premium subsidies for those eligible by reducing the share of income consumers are expected to contribute towards their premium and extending subsidies above 400% of FPL – giving many more enrollees access to low-cost or even zero-dollar coverage in the individual market.

    - These federal subsidy changes have greatly increased the federal pass-through funding for states with 1332 waivers, including Maryland – which received an additional $139M after recalculation due to passage of ARPA – for a total of over $474M in 2021 alone.

    - In addition to federal changes, Maryland is implementing a first-in-the-nation young adult subsidy program, which will supplement the federal premium subsidies in the individual market for plan years 2022 and 2023. All carriers supported this program.

- **Even more funding may become available in the near future.** The ARPA subsidy expansions described above currently expire after the 2022 plan year, but Congress is actively considering extending or making permanent these changes. If Congress takes further action, the Exchange projects Maryland would receive an additional $67,972,478 in 2023 alone.

- **Maryland has taken other steps to improve the risk pool.**

    - The General Assembly created the Young Adult Subsidies Program, noted above, which is designed to bring younger – and presumably healthier – people into the individual market, improving the risk pool.

    - Maryland was the first state to implement an Easy Enrollment Health Insurance Program, which allows Marylanders to check a box on their tax return to have the Maryland Health Benefit Exchange to estimate their eligibility for coverage and facilitate enrollment.

- Maryland has had a COVID Special Enrollment Period open nearly continuously since the beginning of the pandemic, allowing individuals to enroll in health coverage at any time.

II. While the tax facilitates lower premium rates in the individual insurance market, it increases health care costs elsewhere.

- **Maryland's reinsurance tax raises the cost of health coverage for businesses.**

  - The tax applies only to fully insured health plans, which are typically purchased by businesses with less than 50 employees. Since premium taxes are built into the costs of health coverage, it increases costs for those who can least afford it — small businesses and individuals and families who purchase their own insurance, i.e., those who have been hit hardest by the pandemic.

  - Conversely, the tax does not apply to self-funded coverage, which makes up the majority of the Maryland health insurance market. Self-funded coverage is generally purchased by businesses that can afford to cover the cost of all claims.

  - The tax disproportionally impacts the members of a carrier with a larger proportion of fully-insured business, such as Kaiser Permanente.

- **The tax increases the cost of Medicaid.** In addition to taxing carriers, the reinsurance tax is levied against Managed Care Organizations who participate in the Medicaid HealthChoice program. In order to ensure actuarially-sound rates, the Maryland Department of Health must build the tax into the rates paid to MCOs by drawing down additional federal dollars and matching it with state funds.

III. We recognize that there is tremendous interest in applying for a second 5-year waiver for the Reinsurance Program and in that spirit offer the following recommendations to achieve that objective while addressing the concerns outlined above:

- **Request a 1332 waiver extension.** We recommend that the state apply for a one-year extension of it's current 1332 waiver – through 2024 – to evaluate the impact of the additional federal subsidies, the Young Adult Subsidy Program, the Easy Enrollment Health Insurance Program, the COVID Special Enrollment Period, and any other relevant programs to determine the level of funding needed for the program going forward.

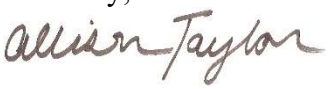
- **Make full use of federal money and prevent further diversion of state tax dollars.** We recommend that the General Assembly adopt language preventing the Maryland Health Benefit Exchange from holding more operating and administrative funds than is necessary to fund the Program until the end of its waiver period. If additional federal money is received, it should be used to supplant what carriers are required to pay through the tax.

- **Exempt stand-alone dental and vision carriers from the Resinsurance tax.** These plans cannot participate in the Reinsurance Program and their premiums are extra sensitive to minor taxation. Almost every state that passed reinsurance bills after Maryland exempted these plans.

- **Establish a workgroup** to evaluate the State Reinsurance Program (with assistance from an actuarial firm), provide input on a 1332 waiver application, and make recommendation for any further legislation needed in 2023.

Thank you for the opportunity to comment. Please feel free to contact me at Allison.W.Taylor@kp.org or (202) 924-7496 with questions.

Sincerely,



Allison Taylor
Director of Government Relations
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.

UNFAVORABLE.SB395.MDRTL.L.Bogley.pdf
Uploaded by: Laura Bogley
Position: UNF

Unfavorable SB395/HB413
Health Insurance – Individual Market Stabilization – Extension of Provider Fee

By Laura Bogley, JD
Director of Legislation, Maryland Right to Life

On behalf of MDRTL and the 10,000 human lives lost to Medicaid abortions each year in Maryland, I strongly oppose Senate Bill 395, which will extend funding to abortion providers in the form of Medical Care Provider Reimbursements (M00Q01.03).

This fee extension is an additional TAX on health insurance providers that forces them to provide coverage for abortion against their rights of conscience and free exercise of religion. There is no safeguard in Maryland law for the conscience rights of insurance providers. Maryland legislators have taken a sworn oath to defend the Constitution which includes a duty to protect the Free Exercise of Religion.

MEDICAID FUNDING FOR ABORTION - The *Maryland Medical Assistance Program* and the *Maryland Children's Health Program* (MCHP) are the two primary programs used for publicly funded reimbursements to abortion providers in Maryland. According to the Maryland Department of Legislative Services in their *Analysis of the FY2022 Maryland Executive Budget* Maryland taxpayers are being forced to fund $6.5 million for nearly 10,000 elective abortions a year under the **Medical Care Programs Administration** (M00Q01) and specifically through abortion provider reimbursements through the **Medical Assistance Program,** Medical Care Provider Reimbursement (M00Q01.03). (See below FY22 Budget Analysis.)

TAX INCREASE ON PROVIDERS - Through this bill Governor Hogan is imposing an additional tax on health insurance providers and using public funds to pay for elective abortions. This bill authorizes the extension of the transfer of *federally repealed* health insurance provider assessment fees to the Medical Care Provider Reimbursement (M00Q01.03) which annually reimburses abortion providers.

INFRINGING ON RIGHTS OF CONSCIENCE – This bill authorizes the continued coercement of health insurance providers to provide abortion coverage potentially infringing on rights of conscience and the free exercise of religion. Such policies bar faith-based organizations and people of conscience from doing business with the state of Maryland. This policy is hostile to business.

DEPARTMENTAL SUBSIDIES TO ABORTION – This bill will authorize an appropriation of $8,000,000 in assessment fees to be transferred to the **Community Health Resource Commission.** The Commission has served as a pass-through organization for Planned Parenthood and in 2020, they awarded 2 Covid relief grants to Planned Parenthood in the amount of $76,895.

AFFORDABLE CARE ACT FEES *REPEALED* – This bill asks you to transfer fees collected for services required under Section 9010 of the Affordable Care Act as of 2016. However the Further Consolidated Appropriations Act, 2020, Division N, Subtitle E § 502, signed into law on December 20, 2019, repealed the annual fee on health insurance providers for calendar years beginning after December 31, 2020. As a result of the repeal, 2020 was the last fee year.

NO PUBLIC FUNDING - Maryland is one of only 4 states that forces taxpayers to fund abortions. There is *bi-partisan unity* on prohibiting the use of taxpayer funding for abortion. 54% percent of those surveyed in a January 2022 Marist poll say they oppose taxpayer funding of abortion.

INVEST IN LIFE - 81% of Americans polled favor laws that protect both the lives of women and unborn children. Public funds should not be *diverted from* but *prioritized for* health and family planning services which have the objective of saving the lives of both mothers and children, including programs for improving maternal health and birth and delivery outcomes, well baby care, parenting classes, foster care reform and affordable adoption programs.

FUNDING RESTRICTIONS ARE CONSTITUTIONAL - The Supreme Court has held that the alleged constitutional "right" to an abortion "*implies no limitation on the authority of a State to make a value judgment favoring childbirth over abortion, and to implement that judgment by the allocation of public funds*." When a challenge to the constitutionality of the Hyde Amendment reached the Supreme Court in 1980 in the case of *Harris v. McRae*, the Court ruled that the government may distinguish between abortion and other procedures in funding decisions -- noting that "*no other procedure involves the purposeful termination of a potential life*" -- and affirmed that *Roe v. Wade* had created a limitation on government, not a government funding entitlement.

ABORTION IS NOT HEALTH CARE – Pregnancy is not a disease and abortion kills, not cures. The fact that 85% of OB-GYNs in a representative national survey will not participate in abortions is glaring evidence that abortion is not an essential part of women's healthcare. Abortion is never medically necessary and poses risks to women's physical and emotional health as well as to the health of future pregnancies. Women have better options for family planning and well woman care. For each Planned Parenthood in Maryland, there are 14 federally qualifying health centers and 4 pro-life pregnancy centers providing FREE services for women. The Maryland Department of Health must give women real CHOICE and protect women from abortion coercion, by providing information about and referrals to lifesaving alternatives to abortion.

For these reasons, we respectfully urge you to vote against Senate Bill 395 and any other measures to allocate public funds to abortion providers, services, education, training or promotion.

We appeal to you to prioritize the state's interest in human life and restore to all people, born and preborn, our natural and Constitutional rights to life, liberty, freedom of speech and religion.

Updates

1. Medical Assistance Expenditures on Abortion

Language attached to the Medicaid budget since 1979 authorizes the use of State funds to pay for abortions under specific circumstances. Specifically, a physician or surgeon must certify that, based on his or her professional opinion, the procedure is necessary. Similar language has been attached to the appropriation for MCHP since its advent in fiscal 1999. Women eligible for Medicaid solely due to a pregnancy do not currently qualify for a State-funded abortion.

Exhibit 33 provides a summary of the number and cost of abortions by service provider in fiscal 2018 through 2020. **Exhibit 34** indicates the reasons abortions were performed in fiscal 2020 according to the restrictions in the State budget bill.

Exhibit 33
Abortion Funding under Medical Assistance Program*
Three-year Summary
Fiscal 2018-2020

	Performed under 2018 State and Federal Budget Language	Performed under 2019 State and Federal Budget Language	Performed under 2020 State and Federal Budget Language
Abortions	9,875	9,676	9,864
Total Cost ($ in Millions)	**$6.3**	**$6.1**	**$6.5**
Average Payment Per Abortion	$636	$626	$660
Abortions in Clinics	7,644	7,490	7,545
Average Payment	$434	$433	$466
Abortions in Physicians' Offices	1,720	1,773	1,903
Average Payment	$982	$972	$986
Hospital Abortions – Outpatient	506	409	416
Average Payment	$2,417	$2,592	$2,677
Hospital Abortions – Inpatient	**	**	0
Average Payment	$13,228	$6,443	$0
Abortions Eligible for Joint Federal/State	0	0	0

* Data for fiscal 2018 and 2019 includes all Medicaid-funded abortions performed during the fiscal year, while data for fiscal 2020 includes all abortions performed during fiscal 2020, for which a Medicaid claim was filed through November 2020. Since providers have 12 months to bill Medicaid for a service, Medicaid may receive additional claims for abortions performed during fiscal 2020. For example, during fiscal 2020, an additional 16 claims from fiscal 2019 were paid after November 2019, the date of the report used in the fiscal 2021 Medicaid analysis and explains differences in the data reported in that analysis to that provided here.
** Indicates a dataset of less than 10 cases.

Source: Maryland Department of Health

IRS

Affordable Care Act Provision 9010 - Health Insurance Providers Fee

Repeal of Health Insurance Provider Fee (IPF- ACA § 9010 fee)

The Further Consolidated Appropriations Act, 2020, Division N, Subtitle E § 502, signed into law on December 20, 2019, repealed the annual fee on health insurance providers for calendar years beginning after December 31, 2020 (fee years after the 2020 fee year). As a result of the repeal, 2020 was the last fee year.

HealthCare.gov

Learn more about the Affordable Care Act.

Visit HealthCare.gov

Page Last Reviewed or Updated: 06-Dec-2021

DOCS-#225417-v1-SB_395_Reinsurance_Oppose_2022.pdf
Uploaded by: Matthew Celentano
Position: UNF

The League of Life and Health Insurers of Maryland

15 School Street, Suite 200
Annapolis, Maryland 21401
410-269-1554

For information, contact:
Matthew Celentano, Executive Director

February 9, 2022

The Honorable Delores Kelley
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

Testimony
for the Senate Finance Committee
In **OPPOSITION** of

Senate Bill 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee

Dear Chairman Kelley,

The League of Life and Health Insurers of Maryland, Inc. respectfully **opposes** Senate Bill 395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee and urges the committee to give the bill an unfavorable report.

To be very clear – the League does not oppose the successful reinsurance program that has stabilized the individual market and provided premium relief to many Marylanders, we just oppose the proposed extension of the carrier tax.

In 2019, Maryland implemented a tax on health insurance premiums and established the State Reinsurance Program, to offset the costs of the individual insurance market. The program was intended to stabilize an unstable market and reduce insurance costs for thousands of Marylanders. At the time, the assessment made financial sense to support Marylanders in need of affordable health insurance.

As the state trade association representing the commercial health insurance companies providing coverage for millions of Marylanders, we believe that while continuing the program is wise, this particular approach is a mistake. The bills will reduce rates for individuals by raising rates for others, most importantly small businesses that have been hard-hit by the COVID-19 pandemic.

Senate Bill 395 has faults that will result in higher costs for those struggling most. Here is why. First, this proposed tax increases costs for those hit hardest by the pandemic and those who can least afford it — small businesses and individuals and families who purchase their own insurance. While it may appear that the costs will be absorbed by insurers, premium taxes like the one in the Administration's bill are built into the costs of health coverage. The tax only applies to fully insured health plans, which are state regulated plans typically purchased by companies with fewer than 50 employees.

The tax would not apply to self-funded coverage where the employer bears the cost of the benefit claims. Self-funded plans, which are not regulated by the state, make up most of the Maryland commercial health insurance market, meaning the impact of the tax will not be spread evenly among plans and will impact smaller businesses the most. In essence, in a state of over 6 million people, 540,484 policy holders are left funding the program alone (based on the MIA's 2020 Covered Lives Report).

Second, the tax impacts the competitiveness of Maryland's insurance market because carriers participate in the fully-insured and self-insured markets at different rates. Thus, a carrier with a larger proportion of self-insured business is impacted less than others leading to imbalance with the tax. A competitive marketplace helps keep costs lower for Maryland consumers.

Finally, the approach in the Administration's proposal is outdated. The American Rescue Plan Act has provided significant relief by reducing the share of income consumers were expected to contribute towards their premium and extending subsidies above 400% of the federal poverty level. This approach gave many more enrollees in Maryland access to low-cost or even zero-dollar coverage in the individual market. Maryland is also implementing a first-in-the-nation young adult subsidy program to further reduce costs for young adults to purchase health insurance. Senate Bill 395's approach does not recalibrate the costs needed for the reinsurance program in light of other premium relief available elsewhere.

We believe there are better ways to pay for this successful program in the future. There is no need to pass legislation now. The current program is still fully funded for two more years and there is time to take a thoughtful and prudent approach. The Governor, General Assembly, insurers, business community, and consumers should come together to explore a funding approach that will have the least financial impact across the health care spectrum. We are all committed to insurance affordability – we just want to make sure it works for *all* Marylanders.

For these reasons, the League urges the committee to give Senate Bill 395 an unfavorable report.

Very truly yours,

Matthew Celentano
Executive Director

cc: Members, Senate Finance Committee

The League of Life and Health Insurers of Maryland, Inc.
15 School Street, Annapolis, MD 21401
410-269-1554
www.leaguemaryland.com

SB395_MRA_UNF.pdf
Uploaded by: Sarah Price
Position: UNF

SB395 – Health Insurance – Individual Market Stabilization – Extension of Provider Fee
Finance Committee
February 9, 2022

Position: Unfavorable

Background: SB395 would extend the Maryland health insurance provider fee through 2028.

Comments: The Maryland Retailers Association (MRA) understands the goals behind SB395 of stabilizing the insurance market and lowering premiums, but we have concerns about the impact that the bill could have on small businesses in Maryland.

1. The fee applies only to fully insured health plans, which are state regulated and largely purchased by small businesses with fewer than 50 employees. These businesses have already been negatively impacted by the pandemic and cannot afford to continue to bear the brunt of this fee for an additional five years.
2. The fee does not apply to self-funded coverage, which makes up most of the Maryland health insurance market. This negatively affects the competitiveness of the market, as the impact of the fee is not spread evenly among plans.
3. The fee also applies to the Maryland Medicaid program. Extending the fee could increase the overall costs of healthcare in the state.
4. The national policies impacting state-based reinsurance programs have shifted during the pandemic with the passage of the American Rescue Plan Act (ARPA), and Congress is considering extending the subsidies included in the ARPA beyond 2022. These federal subsidy changes have impacted the market in Maryland by increasing the federal pass-through funding, which was not anticipated when the current fees were initially established in Maryland law. Maryland's new young adult subsidy program will also supplement the federal premium subsidies over the next two years. The Kaiser Family Foundation estimates that as a result of these subsidies, 43,000 uninsured Marylanders are now eligible for free Exchange coverage, reducing the need for the State Reinsurance Program.

Ultimately, we believe it is unnecessary and inappropriate to extend Maryland's fees beyond the original expiration date of 2023. We would respectfully urge an unfavorable report on SB395. Thank you for your consideration.