

Maine Individual & Small Group Pooled Market Proposal

Maine Bureau of Insurance
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Maine's Health Insurance Market

- March 2020, 64,800 residents obtained health insurance through Maine's individual market, double compared to pre-ACA enrollment of 32,000 in 2013.
- Small group experienced an 43% reduction during the same time period from 87,396 to 50,200.
- Premiums for individual coverage have decreased each year MGARA has been in place -0.5% in 2019, -2% in 2020 and -11% in 2021
- Small group premiums averaged increase of 8% in 2019 and 2020, 4% in 2021

Pooled/Merged Market Aspects

- In general the same health insurance plans offered to individuals and small groups with some marketing differences.
- One risk pool for rating – same premiums for the same coverage and a larger block to spread risk
- Reduces premiums in both markets to encourage growth in membership in the individual and small group markets.
- Reinsurance (MGARA) expanded to cover small group plans - greater stability to the market by covering high cost claims.

Actuarial Analysis of Proposal

- Gorman Actuarial contracted by the Bureau of Insurance
- Milliman contracted by MGARA
- All reports are posted to the Bureau website.
https://www.maine.gov/pfr/insurance/legal/notices/maine_health_ins_pooled_market_option.html.
- Public Forum held on August 25, 2020 to present the analyses.
- Wakely contracted by the Bureau of Insurance to explain discrepancies between the two actuarial reports completed December 1, 2020.

Impact of Proposed Pooled Market for Reinsurance - Wakely Analysis

- The overall impact to the individual market. Three impacts to consider:
 - \$4 PMPM assessment – reduces individual and small group premiums around 2.5% (based on both Gorman and Milliman estimates)
 - Merged Market – reduces individual market premiums 1.6% based on Gorman (Milliman did not explicitly estimate the impact of the merger)
 - Federal Pass-Through Funds for MGARA – the assumption that varies between the two actuarial analyses. The combination of the above two impacts is over 4% so the resulting impact is assumed to be the pass-through
- Milliman's estimate of the overall impact is less than the impact of the assessment and merged market combined.

Estimated Impact Due to Reinsurance

	2020 Actual Amounts	2022 Gorman Actuarial Estimates	2022 Milliman Estimates
Pass Through Federal Funding	\$26.3 million	\$23.9 million	\$5.7 million
Change in Average Individual Market Premium	-7.2%	-7.1%	-3.0%
Change in PTCs	-9.1%	-8.3%	-1.8%
Change in Small Group Premiums	N/A	-3.8%	-3.0%

Wakely Review

- Multiple assumptions vary between Gorman Actuarial and Milliman analysis
- Primary driver of \$18 million difference is the estimated impact of the waiver on the Advance Premium Tax Credit (APTC) amounts.
- Due to different approaches and levels of conservatism each has included in their modeling.
- Both estimates are possible results, based on reasonable assumptions and expectations that excessive conservatism would not be incorporated into the issuer rate development or reinsurance parameters for 2022,
- Wakely concluded the Gorman Actuarial estimate may align better with other states' experiences with retrospective reinsurance based 1332 waivers.

Conservatism

- Issuers may include some probability that expected reinsurance payments will not be fully realized.
- Health insurance pricing requires the use of substantial judgments and estimates by carriers. Estimates may vary from the actual amounts for numerous reasons. When factors or events result in adverse variation from estimates, the ability to meet policyholder obligations may be lessened. To provide a margin of protection for policyholders, the concept of conservatism is used in developing assumptions. Conservative assumptions provide protection to policyholders against adverse fluctuations in claims or pricing.

Options for addressing the uncertainty as it relates to the pass-through amounts

- Rate review – assumptions are justified based on prior experience with MGARA
- Determining the baseline premiums (with no merger/reinsurance)
- Of waivers in existence there is no waiver with a pass-through as low as Milliman is estimating (none with a merged market but Maine would be incorporating the impact of the merged market into the waiver);
- In the first year of each state's program, the lowest pass-through was 35% of total funding, where Milliman is estimating around 20% (Gorman is estimating around 50%).
- The first year pass-through for Maine was 67% although that percent has since decreased to around the mid-50%.

Change to MGARA

- Currently a prospective reinsurance model unique to Maine and Alaska.
- Covers 90% of claims between \$65,000 and \$95,000 and 100% over \$95,000, with the exception that 40% of claims above one million are covered (high-cost risk pool under the federal risk adjustment program covers a portion of these).
- Proposed change to a retrospective reinsurance program.
- Modeled to reimburse insurers 50% of claims costs between \$90,000 and \$250,000, with the portion of claims exceeding \$250,000 the responsibility of the health insurer.

Steps towards implementing pooled market changes

- Draft regulation on provisions of the merged market
- Hold public hearing for regulation
- Hold public forums on 1332 application
- Submit 1332 application to CMS
- CMS within 45 days determines if 1332 application is complete
- CMS approves 1332 application within 180 days of submission
- Filings from carriers with plans and rates

Clear Choice Plans

- Is intended to provide consumers with the ability to compare comparable plan cost share structure.
- Requires Individual and Small Group carriers to offer standardized plans developed through a stakeholder group process.
- 12 plan cost share designs are defined including 3 HSA plans and all metal levels
- Allows carriers to propose up to 3 alternative plans

Maine Bureau of Insurance

Benefits	Catastrophic	Bronze Low	Bronze High	Bronze High HSA	Bronze HSA	Silver Low	Silver High	Silver HSA	Silver HSA Off-Marketplace	Gold	Gold	Platinum
Deductible	\$9,100	\$7,000	\$9,100	\$7,000	\$5,700	\$3,500	\$5,000	\$3,000	\$4,500	\$1,500	\$2,500	\$500
Maximum OOP	\$9,100	\$8,550	\$9,100	\$7,000	\$7,000	\$8,550	\$7,000	\$7,000	\$7,000	\$5,000	\$6,000	\$3,000
Coinsurance	0%	40%	0%			40%	30%			30%	30%	20%
PCP*	\$50 for 1st 3 visits then deductible	\$40	\$50			\$30	\$30			\$25	\$25	\$20
Behavioral Health Outpatient Services*		\$40	\$50			\$30	\$30			\$25	\$25	\$20
Specialist Visit		\$80	\$100 *			\$50	\$50			\$50	\$50 *	\$40
Urgent Care		\$60				\$40	\$40			\$40	\$40 *	\$25
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)												
Outpatient Surgery and Physician/Surgical Services												
Inpatient Hospital Services and ER	0% Coins. After Ded.	40% Coins. After Ded.	0% Coins. After Ded.	0%	50% Coin. After Ded.	40% After deductible	30% after deductible	20% Coins. After Ded.	20% Coins. After Ded.	30% Coins. After Ded.	30% Coins. After Ded.	20% Coins. After Ded.
Inpatient Physician and Surgical Services												
Inpatient Rehabilitation												
Ambulance												
All other benefits												
RX - Tier 1 Generic*		\$25	\$25			\$25	\$25			\$25	\$5 / \$25	\$0
RX - Tier 2 Preferred Brand		\$50				\$50 *	\$50 *			\$50*	\$50*	\$15*
RX - Tier 3 Non-Preferred		\$100	0% After Deductible			\$100	30%			\$100	30% up to \$300*	\$100
RX - Tier 4 Specialty		\$250				\$250	50%			\$250	50% up to \$600*	\$250

Clear Choice Process

- Four stakeholder meetings with written comments
 - 8/12/20, 9/12/20, 10/20/20, 11/20/20
- Materials posted on the Bureau of Insurance website
https://www.maine.gov/pfr/insurance/legal/notices/clear_choice_standardized_plan_design.html.
- Proposed regulation on provisions for Clear Choice plans including proposed bulletin with cost-share structure. Public hearing on 3/12 to receive comments.
<https://www.maine.gov/pfr/insurance/legal/rules/index.html>.
- Filings to be reviewed and approved by Bureau of Insurance June-August