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# Maryland Health Insurance Plan Budget Hearing

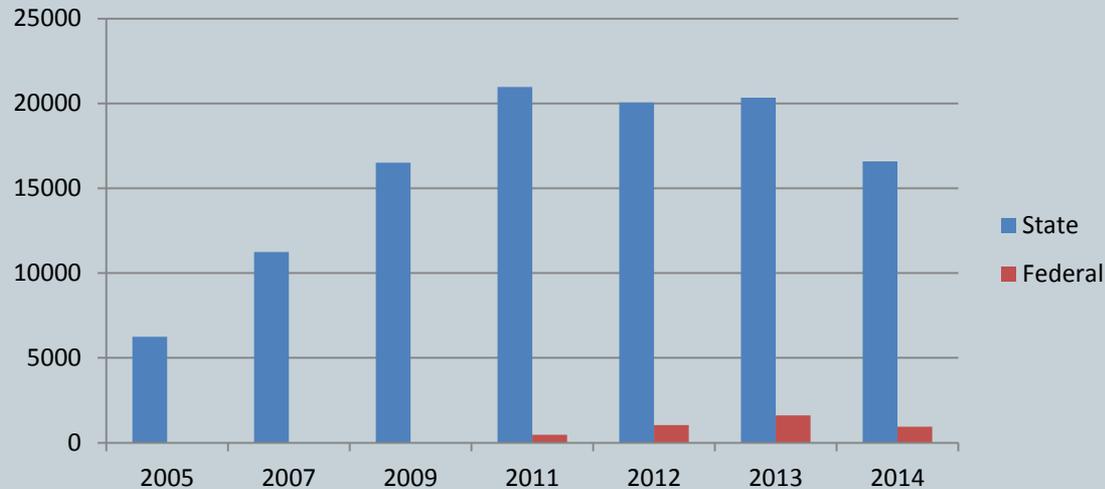
Michele Eberle, Executive Director  
Anthony Armiger, Controller  
Sean Stafford, Director, Planning & Analysis



- Agency Overview
- Agency Accomplishments
- Agency Transition Plan
- Maryland Reinsurance Program Funding
- Agency Finances
- **Agency response to DLS' recommended actions**

# AGENCY OVERVIEW - MHIP

- Established in 2002 to decrease uncompensated care costs for medically uninsurable Marylanders
- Has provided coverage for thousands of Marylanders annually



# AGENCY OVERVIEW - MHIP



- Has kept medical cost under control and out of the uncompensated pool

	<b>FY 2013</b>	<b>FY 2014</b>	<b>Change</b>
<b>Medical Paid</b>	\$140,040,420	\$132,269,549	-5.5%
<b>Pharmacy Paid</b>	\$70,830,467	\$65,763,997	-7.1%

- The Patient Protection and Affordable Care Act prohibits denial of healthcare insurance coverage to individuals with pre-existing conditions thus eliminating medically uninsurable Marylanders
- In December 2014 all MHIP members were transitioned off MHIP plans
- The MHIP is expecting to conclude operations by June 30, 2016

# AGENCY OVERVIEW - SPDAP



- Established in 2006 as a State Pharmaceutical Assistance Program (SPAP)
- Provides Medicare Part D Premium and Coverage Gap subsidy assistance to 28,347 low-income Maryland residents
- The 2015 benefit provides a monthly premium subsidy of up to \$40 per member and a coverage gap subsidy after 5% of the member co-insurance
- The MHIP plans to introduce legislation in the 2016 Legislative session to extend the sunset date of the SPDAP and transfer administration of the program to the Medical Care Programs Administration within the DHMH.

# 2014 AGENCY ACCOMPLISHMENTS



- Successfully transitioned over 20,000 members off MHIP plans
  - Federal Pre-existing Condition Insurance Plan
    - ✦ Original end date 12/31/13, extended several times ending on 4/31/14
  - MHIP Plus subsidized health plans
    - ✦ Original end date 12/31/13 extended to 3/31/14
  - MHIP Standard health plans
    - ✦ Plan extended 6 months through 12/31/14 to prevent double deductible hit for members



- Successful Communication & Outreach Strategy
  - Four letter campaigns – messaging aligned with MHBE
  - Two automated outbound calls
  - Two email communications
  - Two internet surveys
  - Four staff certified as MHBE Application Counselors
    - ✦ Drop in and pre-scheduled office hours for enrollment assistance

# 2014 AGENCY ACCOMPLISHMENTS

As of 01/07/15 three MHIP staff fielded 866 member calls concerning the end of MHIP health plans. The graph below shows the timeline and volume of the calls received.

## Member Calls Fielded by MHIP Staff - Oct. through Dec. 2014



# AGENCY TRANSITION PLAN



- First priority MHIP members
- Run-out of MHIP claims
- Final financial and compliance audits
- Staff transition
- Program transfer
- Agency closure
- Board approved agency transition plan 9/25/14

# Transition Plan Timeline

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Date	Event
<b>January 2015</b>	Commence Compliance Audits
<b>March 31, 2015</b>	Administrative Authority found to accept MHIP administrative responsibilities, functions, debts and obligations
<b>June 30, 2015</b>	Last day for member to submit a medical claim for reimbursement (MHIP) (6 months from date of service)
<b>August 1, 2015</b>	Medical claim payments complete (MHIP) (30 day processing time)
<b>September 1, 2015</b>	Submit legislation for the transfer / dissolution of MHIP
<b>December 31, 2015</b>	Last day for member to submit a prescription claim for reimbursement (MHIP) (1 year from date of service)
<b>January 8, 2016</b>	Last day to file an appeal for medical claim (MHIP) (180 days of receipt of the written Notification of the Adverse Benefit Determination)
<b>February 1, 2016</b>	Prescription claim payments complete (MHIP) (30 day processing time)
<b>June 12, 2016</b>	201 E. Baltimore, Suite 630 lease expires
<b>August 8, 2016</b>	Last day to file an appeal for prescription claim (MHIP) (180 days of receipt of the written Notification of the Adverse Benefit Determination)
<b>August 30, 2016</b>	2015 Reinsurance Payments made to carriers
<b>September 30, 2016</b>	MHIP Appeal decisions made (could be hearings still to come)
<b>December 31, 2016</b>	PAI Contract expires

# STATE REINSURANCE PROGRAM



## Health Progress Act of 2013

### 14–504 (f) (4)

- (I) Beginning January 1, 2014, the funds collected in accordance with § 19–214(d)(1)(ii) of the health – general article and deposited in the Maryland Health Insurance Plan account of the fund, may be used for the purposes of establishing and operating the State Reinsurance Program authorized under § 31–117 of this article
- (II) The Board and the Board of Trustees of the Maryland Health Benefit Exchange shall develop and approve a plan for the appropriate amount and timing of the use of the funds for the State Reinsurance Program.

# REINSURANCE PROGRAM

- Federal Transitional Reinsurance Program Parameters
  - CY2014: Attachment point: \$45,000 / Cap: \$250,000 / Coinsurance: 80%
  - CY2015: Attachment point: \$45,000\* / Cap: \$250,000 / Coinsurance: 50%
  - CY2016: Attachment point: \$90,000 / Cap: \$250,000 / Coinsurance: 50%

\*reduced from \$70,000

- Maryland 2015 Supplemental Reinsurance program
  - Supplements Federal coinsurance rate of 50% raising to 80%
  - Original estimated cost with attachment point at \$70,000: \$20-\$30million
  - Estimated cost with attachment point lowered to \$45,000: \$40million
  - MHIP and MHBE boards approved the program in March/April 2014 respectively
  - Notice of Reinsurance program sent to carriers on April, 24 2014
  - Funds will be payable in September 2016

# REINSURANCE PROGRAM



- Maryland 2016 Supplemental Reinsurance program proposal

Attachment Point	State Costs (Million \$)	Premium Impact
\$45,000	\$35.0	-4.2%
\$70,000	\$21.3	-2.6%
\$90,000	\$14.9	-1.8%

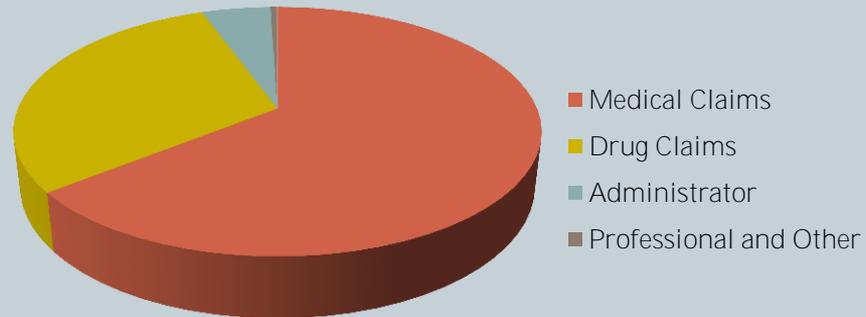
- Proposal to be submitted to MHIP and MHBE boards on March 12<sup>th</sup> and 17<sup>th</sup> respectively

# AGENCY FINANCES



- Funding derived from premiums, hospital assessments, a federal grant to high risk pools and investment income
- Premiums ceased effective 1/1/15 and the MHIP assessment was permanently reduced from 1.0% to 0.3% beginning in October 2014 (BRFA2014)
- Beyond run-out of claims , administrative expenses and funding for the 2015 and 2016 Plan Year Reinsurance program, actuarial projections indicate the MHIP will continue to have a surplus of funds

## Expenses





- The January 7, 2015 Board of Public Works Additional Reductions included a proposed \$45 million fund balance transfer from the MHIP fund to Medicaid in fiscal 2015 to cover anticipated deficiencies.
- The Department of Legislative Services (DLS), in its operating budget analysis for the Medical Care Programs Administration, has further recommended that the fund balance transfer be increased by \$8.0 million as part of a broader recommendation to strike the BRFA provision requiring the Health Services Cost Review Commission to adjust rates related to uncompensated care in fiscal 2015.

# AGENCY RESPONSE TO **DLS'** RECOMMENDATION



- There are no DLS recommendations specific to MHIP
- **DLS concurs with the Governor's allowance**