

Maryland Health Benefit Exchange
Fiscal Year 2023 Operating Budget
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Senate Health And Human Services Subcommittee
Senator Melony Griffith
February 3, 2022

House Appropriations Committee
House Health And Social Services Subcommittee
Delegate Kirill Reznik
February 2, 2022

- 1. MHBE should comment on the increasing share of State's plans with high deductibles and any steps and actions that could be made by MHBE to reduce their prevalence in the individual market.**

The IRS defines high deductible health plans (HDHPs) with annually designated thresholds, establishing a minimum threshold for deductibles and an upper limit on deductibles and out-of-pocket expenses. The IRS-established minimum deductibles for HDHPs in 2022 are \$1,400 for self-only plans and \$2,800 for family plans. Using that threshold, 5 of the 34 plans offered through MHBE qualify as low deductible (4 out of 11 gold plans offered on MHC and the one platinum plan offered on MHC). The remaining gold plans have self-only deductibles ranging from \$1,500 to \$2,900. The 10 silver plans on MHC have self-only deductibles ranging from \$2,250 to \$6,500, but it's important to note that most silver plan enrollees qualify for cost-sharing reductions that further reduce their deductibles. Lastly, self-only deductibles in the 10 bronze plans on MHC range from \$5,900 to \$8,700.

We continue to see significant growth in the plans at metal levels that offer lower deductibles (silver, gold, and platinum). For 2022 enrollments through January 15th, platinum enrollment grew 67% and gold enrollment grew 26% compared to 2021, while silver and bronze enrollment grew only 6% and 4%, respectively. In total, about 48% of 2022 enrollment is in platinum and gold plans, with an additional 28% in silver plans,

which means that three out of four MHC enrollees are in a plan at the silver tier or above.

MHBE has limited ability to adjust plan cost sharing parameters due to constraints established by the federal government on the actuarial value (AV) of plans at each metal level. However, MHBE has taken action to ensure that consumers have a choice of plans with lower deductibles. Pursuant to recommendations from a stakeholder Affordability Workgroup convened by MHBE, starting in 2020 MHBE required on-exchange carriers in the individual market to offer one Value Plan at each of the bronze, silver, and gold metal levels. Value plans are designed to offer consumer-friendly cost-sharing by requiring that certain services be covered before the deductible and capping silver and gold Value Plan medical deductibles at \$2,500 and \$1,000, respectively. To encourage enrollees to think about how cost-sharing, such as deductibles, will impact their health care spending, MHC now offers a Total Cost of Care estimator. This provides individuals shopping for coverage with a customized estimate of their total spending for the year under each plan, which encourages enrollees to look beyond premiums and take into account factors such as the deductible.

Because lower-deductible plans typically have higher premiums, premium assistance is key to many enrollees' ability to purchase lower deductible plans. The enhanced federal premium assistance offered in 2021 and 2022 as a result of the American Rescue Plan, as well as the state young adult subsidy, has facilitated significant enrollment growth in MHC and the shift to lower deductible plans. The state reinsurance program's ongoing success at reducing premiums has also been key to making lower deductible plans affordable and attractive to enrollees. On average, Maryland's individual market offered the least expensive gold and bronze plans and the third least expensive silver plans in the nation, according to a Kaiser Family Foundation analysis in October.

- 2. Appendix 3. DLS recommends adopting committee narrative to continue the reporting on the Reinsurance Fund and Program including impacts on premiums, possibilities for continued implementation of the provider assessment, and any further necessary action to fund the reinsurance program. Further, DLS recommends adopting committee narrative requiring MHBE to inform the budget committees of any submission of additional State Innovation Waivers.**

MHBE will notify the committees of any applications for State Innovation Waivers that it submits during fiscal 2023 and the final decision on those applications, as needed, within 20 days of any application and decision on any application.

MHBE will submit a report that provides an updated forecast of spending and funding needs, including a discussion of opportunities for future funding beyond calendar 2023 by September 30, 2022.