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

June 9, 2023

Kathleen Birrane
Commissioner
Maryland Insurance Administration
200 St. Paul Place
Baltimore, MD 21202

RE: Kaiser Permanente Comments on Market Reforms Beyond Reinsurance

Dear Commissioner Birrane:

Thank you for the opportunity to provide comments on the market reforms beyond reinsurance that were discussed at the May 25 stakeholder meeting. Kaiser Permanente has offered individual market on-exchange plans since the establishment of the Maryland Health Benefit Exchange in 2014. We remain supportive of the steps Maryland has taken to promote affordability, including the State Reinsurance Program (SRP), and appreciate the thoughtful dialogue you have facilitated on additional reform ideas.

First and foremost, Kaiser Permanente supports a predictable market reform strategy. The state has historically expressed reluctance to address the expected deficit for SRP, with some models predicting that the program will become insolvent as early as 2025. At the same time, the state has repeatedly diverted SRP funds to other programs, including Medicaid, the Health Equity Resource Communities, the Young Adult Subsidy Program, and potentially a program for noncitizen residents. While each of these programs is beneficial, we request that the state establish parameters for a reinsurance program that prevent the need for an increase to the premium tax and identify broad-based funding sources for any remaining priorities.

Assuming a stable funding source, Kaiser Permanente supports state-based premium subsidies in – in addition to SRP – because they provide the most immediate and direct benefit to consumers, are relatively simple for states to administer, and could be implemented much quicker than other market reforms under consideration. They provide a more immediate and direct benefit to consumers than reinsurance programs, which flow indirectly through insurers in a fashion to which it is difficult to assign a direct, PMPM reduction value.

Additionally, some reinsurance programs do not lower premiums for the lowest-income consumers. As noted at the first stakeholder meeting, without ARPA subsidies, SRP does not lower premiums for individuals below 350% FPL. With ARPA subsidies, SRP has no impact on many with incomes below 600% FPL. For this reason, we encourage the state to expand its subsidy programs to better serve the most vulnerable in the state, even if that means slightly reducing the size of the reinsurance program, which is already the largest in the nation. To that end, we make two recommendations:

- For the Young Adult Subsidy Program, we support MHBE's recent staff recommendation to extend the maximum subsidy from age 30 to age 33 and increase the age of phase out from 34 to 37. We also support extending this program past 2025.

- We also support extending coverage – and subsidies – for noncitizens who would otherwise be eligible for coverage but for their immigration status. We especially endorse this effort to expand coverage in response to the significant burden immigrants have faced during the pandemic, who are disproportionately frontline workers, making them particularly vulnerable to the virus. We are looking forward to the findings from the report MDH and MSBE will put forward later this year providing cost comparisons, impact on the uninsured, potential benefit designs, and implementation considerations for coverage through Medicaid and/or the commercial market.

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

Sincerely,

Allison Taylor

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