



Maryland

INSURANCE ADMINISTRATION

2022 ACA

**Proposed Health Insurance Rates Hearing
Individual Non-Medigap & Small Group Markets**

Tuesday, July 20, 2020, 9 AM - 11 AM EST

Presenter: Brad Boban, Chief Actuary

What's Been Filed – 2022 ACA?

INDIVIDUAL NON-MEDIGAP MARKET

1. The composite 2022 requested renewal currently stands at +3.9% (vs. 3.5% in original press release) The 2022 increases vary significantly by carrier and product, ranging from -11.5% to +8.5%
2. From 03/31/20 to 03/31/21 total enrollment has increased by +18,867 members to 218,806 (+8%). Highest March enrollment since 2017.
3. Since the initial rate filings, the American Rescue Plan (ARP) was passed by the federal government, providing for significantly enhanced premium tax subsidies in 2021 and 2022. There is a potential for significant enrollment growth per CBO estimates, and the MIA continues to monitor whether this growth is materializing and the possible morbidity impact associated with such growth.
4. UnitedHealthcare will expand from 14 counties in 2021 to be offered throughout the state in 2022. This will impact the amount of APTC available to subsidized members in the 8 counties where CareFirst is the currently the sole carrier by changing the benchmark plan. But the impact will be partially offset in 2022 by more generous subsidy levels under the ARP.

What's Been Filed – 2021 ACA?

SMALL GROUP MARKET

1. The composite, filed 2022 renewal is currently 7.3% for all four quarters (vs. 7.2% in original press release). The 2022 increases vary significantly by carrier and product, ranging from -22.5% to +16.0%
2. From 03/31/20 to 03/31/21 total enrollment has decreased by -12,947 members to 252,158 (-4.9%).

DENTAL - STAND-ALONE - INDIVIDUAL, NON-MEDIGAP MARKET

1. The composite, filed 2021 renewal is +0.3%, reversing the slight declines approved in the last two years (-0.7% in 2020 and -3.7% in 2021). Average is composed of a +3.8% for one carrier and a rate hold for all other carriers.
2. From 02/28/20 to 02/28/21, total enrollment has grown by +5,084 members to 75,366 (+25.2%)

COVID-19 Impacts for 2022 Premiums

1. Adjustment for the decline in utilization observed in the 2020 experience period

Raw unadjusted claims show a sharp decline (23% average in IVL, 27% average in SG) in April of 2020 due to the government mandated shutdown and hospitals deferring all non-essential procedures to ensure capacity. Carrier data shows that utilization started rebounding somewhat by June and returned to “normal” expected levels sometime between 3Q20 and 1Q21. This decline in utilization is not expected to re-occur in 2022 since the pandemic is currently well-controlled, so it is necessary for the carriers to make an additional COVID adjustment in their trend-setting, to bring the base period up to a “normal” non-pandemic base level before applying the trend adjustment.

This adjustment currently ranges from 1.039 to 1.131 with the majority of carriers making the adjustment. Should only be needed for 2022 rate development.

2. Adjustment for worsening morbidity due to missed preventive care and long-term COVID impacts

There is a concern that the morbidity of each risk pool could worsen in future years both due to long-term complications from those who had a COVID infection and due to the fact that missed preventive services in 2020 means that other diseases will not be detected as early, leaving a worse prognosis and a higher likelihood of high-cost interventions in the future. This will play out over many years and carriers are just starting to gather the data needed to estimate this.

Adjustments only being made for some carriers and range from 0% to 1%. Expect the adjustment to be included in near-term future filings and to potentially grow.

3. Adjustments for new COVID-related costs in the projection period.

While the COVID vaccines have been covered by the federal government in 2020 and YTD in 2021, there is an expectation that carriers could be paying for both services once the federal public health emergency ends. Similarly, while there are COVID-testing claims in the experience period, potential for higher testing levels in future.

One ACA small group carrier building in 2%, other carriers have discussed the potential for a cost and are monitoring emerging 2021 experience, but not yet included an adjustment. Expect an adjustment in near-term future filings

Other Key assumptions

1. Trend: Base trends (after the COVID-adjustment) have in general decline in both IVL and SG markets. UHC small group is the one exception where trend was projected to increase, but they have indicated a willingness to assume a flat trend.
2. Morbidity: In general, morbidity for the IVL market has greatly stabilized thanks to the 1332 waiver, and carrier data shows that the 2020 new enrollees were younger/healthier than the average pool. Analysis and discussions are still underway about the expected relative morbidity of new entrants for 2021 and 2022 and whether they can be expected to be slightly more or less healthy.
3. Risk Adjustment: CMS released final 2020 risk adjustment results on 6/30/21 and MIA is in process of reviewing how actuals compared to carrier 2020 projections and asking carriers to revise 2022 projections accordingly.
4. Reinsurance: 2020 Reinsurance costs have been influenced by COVID, still in the process of quantifying and ensuring 2022 reinsurance projections are reasonable.

CONTACT INFORMATION

INQUIRIES:

Craig Ey

Communications Director

Maryland Insurance Administration

craig.ey@maryland.gov

(410) 468-2488 (Office)

RATES:

Brad Boban, A.S.A., M.A.A.A.

Chief Actuary

Maryland Insurance Administration

Bradley.Boban@Maryland.gov

(410) 468-2065 (Office)

PUBLIC COMMENTS:

The MIA has posted rate filing documents at www.healthrates.mdinsurance.state.md.us. On that website, consumers can review filings and submit comments through **Friday, August 14, 2020**, as well as find answers to frequently asked questions about the rate review process.

APPENDIX

2021 ACA “Individual Non-Medigap” Filed Rates

EXHIBIT 1a: 2022 MARYLAND, ACA, INDIVIDUAL NON-MEDIGAP (INM) MARKET
RATE FILING SUMMARY

1	2	3	4	5	6	7	8	9	10	11	12
		Actual Members On & Off Exchange 03/31/20	Actual Members On & Off Exchange 03/31/21	vs. 02/29/20 Δ	02/28/21 Market Share	Approved 2019 Average Rate Increase*	Approved 2020 Average Rate Increase*	Approved 2021 Average Rate Increase*	2022 Filed by Carrier 07/19/21 Average Rate Increase	2021 Illustrative** Individual Monthly Premium	2022 Illustrative** Filed Monthly Premium
Legal Entity	Coverage Type										
CareFirst BlueChoice, Inc.	HMO	125,452	144,992	15.6%	66.3%	-17.0%	-14.7%	-11.9%	8.5%	\$313	\$330
CF GHMSI	PPO	4,263	4,813	12.9%	2.2%	-11.1%	-1.4%	-17.1%	-7.9%	\$511	\$456
CF CFMI	PPO	7,175	7,424	3.5%	3.4%	-11.1%	-1.4%	-17.1%	-7.9%	\$511	\$456
Optimum Choice	HMO	0	2,253	N/A	1.0%	N/A	N/A	N/A	1.7%	\$345	\$334
Kaiser	HMO	63,049	59,326	-5.9%	27.1%	-7.4%	-5.0%	-11.0%	-5.0%	\$294	\$275
TOTAL		199,939	218,808	9.4%	100.0%	-13.2%	-10.3%	-11.9%	3.9%	\$318	\$322
SUBTOTAL (By Insurer)											
CareFirst		136,890	157,229	14.9%	72%	-16.4%	-13.4%	-12.3%	7.2%	\$329	\$340
Optimum Choice		0	2,253	N/A	1%	N/A	N/A	N/A	1.7%	\$351	\$334
Kaiser		63,049	59,326	-5.9%	27%	-7.4%	-5.0%	-11.0%	-5.0%	\$294	\$275
TOTAL		199,939	218,808	9.4%	100%	-13.2%	-10.3%	-11.9%	3.9%	\$318	\$322
SUBTOTAL (By Coverage Type)											
HMO		188,501	206,571	9.6%	94%	-13.3%	-10.9%	-11.6%	4.5%	\$307	\$314
PPO		11,438	12,237	7.0%	6%	-11.1%	-1.4%	-17.1%	-7.9%	\$512	\$456
TOTAL		199,939	218,808	9.4%	100%	-13.2%	-10.3%	-11.9%	3.9%	\$318	\$322

2021 ACA “Small Group” Filed Rates

EXHIBIT 2: 2022 MARYLAND, ACA, SMALL GROUP (SG) MARKET
RATE FILING SUMMARY

																16
																Filed
																05/03/21
																1Q22
																2Q22
																3Q22
																4Q22
																2021
																1Q21
																Individual
																Average
																Monthly
																Premium
																Premium
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
		Actual	Actual			Approved	Approved	Approved	Filed	Filed	Filed	Filed	Filed		Filed	
		Members	Members	vs.	02/28/21	2019	2020	2021	05/03/21	05/03/21	05/03/21	05/03/21	05/03/21		05/03/21	
		On & Off	On & Off		Market	Average	Average	Average	Average	Average	Average	Average	Average		Average	
		Exchange	Exchange	02/29/20	Share	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate		Rate	
	Legal Coverage	02/29/20	02/28/21	Δ		Increase*	Increase*	Increase*	Increase	Increase	Increase	Increase	Increase		Increase	
	Entity	Type														
	CareFirst BlueChoice, Inc.	HMO	169,820	173,199	2.0%	68%	5.0%	0.5%	3.1%	5.4%	5.5%	5.7%	5.8%	5.6%	\$345	\$364
	CF GHMSI	PPO	13,949	12,767	-8.5%	5%	-0.7%	7.4%	2.0%	7.9%	9.4%	10.9%	12.4%	10.1%	\$468	\$505
	CF CFMI	PPO	7,347	6,754	-8.1%	3%	-0.7%	7.4%	2.0%	7.9%	9.4%	10.9%	12.4%	10.1%	\$468	\$505
	Kaiser	HMO	10,755	10,542	-2.0%	4%	3.2%	10.2%	-5.0%	0.7%	0.6%	0.4%	0.3%	0.5%	\$281	\$280
	Aetna Health, Inc.	HMO	83	69	-16.9%	0%	3.4%	1.0%	-16.8%	-26.8%	-26.8%	-26.8%	-26.8%	-26.8%	\$374	\$274
	Aetna Life Insurance Co.	PPO	482	403	-16.4%	0%	3.0%	1.2%	-14.7%	-10.1%	-10.1%	-10.1%	-10.1%	-10.1%	\$458	\$411
	United Healthcare of the Mid-Atlantic	HMO	4,745	4,580	-3.5%	2%	6.3%	0.0%	3.5%	15.5%	15.7%	16.1%	16.4%	16.0%	\$276	\$323
	United Healthcare (Optimum Choice)	HMO	14,548	11,691	-19.6%	5%	6.4%	9.4%	-2.7%	13.3%	13.6%	13.9%	14.2%	13.8%	\$293	\$344
	United Healthcare (MAMS)	EPO	19,546	14,429	-26.2%	6%	5.6%	8.3%	1.0%	13.2%	13.5%	13.8%	14.1%	13.7%	\$337	\$388
	United Healthcare Insurance Co.	PPO	21,748	20,232	-7.0%	8%	10.6%	5.4%	4.5%	11.8%	12.1%	12.4%	12.7%	12.3%	\$356	\$404
	TOTAL		263,023	254,666	-3.2%	100%	5.0%	2.9%	2.3%	6.9%	7.1%	7.4%	7.6%	7.3%	\$349	\$374
	SUBTOTAL (By Insurer)															
	CareFirst		191,116	192,720	0.8%	76%	4.4%	1.3%	3.0%	5.7%	5.9%	6.2%	6.5%	6.1%	\$357	\$378
	Aetna		565	472	-16.5%	0%	3.1%	1.2%	-14.9%	-12.5%	-12.5%	-12.5%	-12.5%	-12.6%	\$445	\$391
	Kaiser		10,755	10,542	-2.0%	4%	3.2%	10.2%	-5.0%	0.7%	0.6%	0.4%	0.3%	0.5%	\$281	\$280
	UnitedHealthcare (UHC)		60,587	50,932	-15.9%	20%	7.6%	6.9%	1.6%	12.9%	13.2%	13.5%	13.8%	13.4%	\$329	\$378
	TOTAL		263,023	254,666	-3.2%	100%	5.0%	2.9%	2.3%	6.9%	7.1%	7.4%	7.6%	7.3%	\$349	\$374
	SUBTOTAL (By Coverage Type)															
	HMO		199,951	200,081	0.1%	79%	5.0%	1.7%	2.2%	5.8%	5.9%	6.1%	6.2%	6.1%	\$337	\$357
	EPO		19,546	14,429	-26.2%	6%	5.6%	8.3%	1.0%	13.2%	13.5%	13.8%	14.1%	13.7%	\$337	\$388
	PPO		43,526	40,156	-7.7%	16%	5.0%	6.3%	3.0%	9.7%	10.6%	11.4%	12.3%	11.0%	\$411	\$453
	TOTAL		263,023	254,666	-3.2%	100%	5.0%	2.9%	2.3%	6.9%	7.1%	7.4%	7.6%	7.3%	\$349	\$374