



Maryland

INSURANCE ADMINISTRATION

2023 ACA

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

Monday, July 11, 2022, 10 AM – 12 PM EST

Presenter: Brad Boban, Chief Actuary

What's Been Filed – 2023 ACA?

INDIVIDUAL NON-MEDIGAP MARKET

1. The average 2023 requested renewal currently stands at +11%. Requested renewal increase by carrier varies from +7.2% to +25.9%.
2. From 03/31/21 to 03/31/22 total enrollment has increased by +23,758 members to 241,273 (+11%). 3rd year in a row of significant enrollment growth, close to the 2016 peak of 246k members.
3. Rate increase requests generally assume that the enhanced APTC levels in effect for 2021 and 2022 under the American Rescue Plan will be extended by Congress into 2023. MIA is requesting an alternative set of rates proposals for if the subsidies do not get extended, as Congressional action is extremely uncertain at this time. The expectation is that the expiration of the enhanced subsidies will cause anti-selection and worsen the morbidity of the pool, resulting in higher proposed increases
4. Additional uncertainty in morbidity projections due to the potential impacts of IRS fixing the “family glitch” and due to Medicaid unwinding that will occur when the COVID public health emergency ends. Both are expected to bring new entrants into the Individual market; but there is limited data on the relative health status of those entrants.

What's Been Filed – 2023 ACA?

SMALL GROUP MARKET

1. The average requested renewal is 10% for all four quarters, with requests varying from 3% to 12.6%
2. From 03/31/21 to 03/31/22 total enrollment has decreased by -5,791 members to 248,328 (-2.3%).

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

1. The average filed 2023 renewal is 4.5%, with rate requests ranging from -4.5% to +9.4% by carrier.
1. From 03/31/21 to 03/31/22, total enrollment has grown by +21,467 members to 95,132 (+29.1%). This means 40% of the total Individual ACA market is now selecting a dental plan alongside their medical plan.

COVID-19 Impacts for 2023 Premiums

- On average, 2.5% of claims in 2021 are COVID-related, with significant variation by carrier and market (1% to 7%).
- COVID hospitalizations average \$38k. 4 out of every 1,000 members were hospitalized in 2021. Expected that will be reduced to 1-2 per 1,000 in 2023.
- Approximately 60 per 1,000 members receive COVID treatment outside the hospital, averaging \$375. Potential for increased cost in 2023 due to approval of Paxlovid and Lagevrio FDA approvals.
- COVID vaccinations averaged \$40 per vaccine, with 800 vaccines per 1,000 members being administered through insurance. Potential for increased cost in 2023 as federal support for vaccination expected to end when public health emergency ends.
- 1,700 COVID PCR tests per 1,000 members were administered, at an average of \$70 per test. Expected reduction in PCR testing likely to be offset by OTC antigen tests, which carriers must cover as of 2022 at \$12 per test for up to 96 tests per year.

ARPA subsidy impact

Post-APTC premium impact if ARPA subsidies not extended

For member purchasing the SLCSP

Independent of approved rate increases

Ages 0-17 and Ages 35+

Ages 18-30

Income % of FPL	Post-APTC Premium				Income % of FPL	Post-APTC Premium			
	Enhanced ARPA	Original ACA	PMPM Increase	% Increase		Enhanced ARPA + State Young Adult	Original ACA + State Young Adult	PMPM Increase	% Increase
150%	\$0	\$67	\$67	N/A	150%	\$0	\$26	\$26	N/A
200%	\$43	\$140	\$97	226%	200%	\$0	\$86	\$86	N/A
250%	\$107	\$224	\$116	108%	250%	\$40	\$156	\$116	289%
300%	\$193	\$317	\$123	64%	300%	\$113	\$236	\$123	109%
350%	\$272	\$369	\$97	36%	350%	\$178	\$275	\$97	54%
400%	\$365	\$422	\$57	16%	400%	\$258	\$315	\$57	22%

Other Key assumptions

1. Trend: Analysis is challenging because COVID depressed claims in 2020, making the year to year trend between 2020 and 2021 artificially high. Carriers in general have all maintained or lowered pricing trend from previous year, but COVID-adjusted analysis may warrant further reductions.
2. Morbidity: Morbidity had been improving between 2019 and 2021 and was expected to improve further in 2022 with introduction of state young adult premium subsidies. Carrier data is mixed, with some carriers projecting a slight increase in morbidity and some projecting a slight decrease.
3. Risk Adjustment: CMS released final 2021 risk adjustment results on 6/30/22 and changed the 2023 risk adjustment coefficients on 5/6, after the initial filings were submitted. Carriers are in the process of updating their 2023 projections to take into account these actuals. Expected to have a mixed impact on premium requests.
4. Reinsurance: Focused on digging into carrier state reinsurance projections compared to first 3 year of actuals. Also for first year, a carrier had significant claims that were reinsured by the federal high cost risk pool being operated as part of the risk adjustment program (which reinsures 60% of claims over \$1M).

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 12, 2022**, as well as find answers to frequently asked questions about the rate review process.

APPENDIX

2023 ACA “Individual Non-Medigap” Filed Rates

		Members	Members	% Change		Approved	Filed	Cumulative	
		On & Off	On & Off	in Members	03/31/22	2022	2023	2019-2023	
		Exchange	Exchange	vs	Market	Average	Average	Average	
	Legal Network	03/31/21	03/31/22	3/31/2021	Share	Rate	Rate	Rate	
	Entity					Change	Change	Change	
	CareFirst BlueChoice	HMO	144,992	149,043	2.8%	62%	6.2%	11.2%	-26.3%
	CareFirst GHMSI	PPO	4,813	6,484	34.7%	3%	-12.6%	25.9%	-20.0%
	CareFirst CFMI	PPO	7,424	9,793	31.9%	4%	-12.6%	25.9%	-20.0%
	Kaiser	HMO	58,033	64,866	11.8%	27%	-5.0%	7.2%	-20.3%
	United Healthcare (Optimum Choice)	HMO	2,253	11,087	N/A	5%	1.2%	8.7%	N/A
	TOTAL		217,515	241,273	10.9%	100.0%	2.1%	11.0%	-22.3%
	SUBTOTAL (By Insurer)								
	CareFirst		157,229	165,320	5.1%	69%	4.7%	12.6%	-25.1%
	Kaiser		58,033	64,866	11.8%	27%	-5.0%	7.2%	-20.3%
	United Healthcare (Optimum Choice)		2,253	11,087	392.1%	4.6%	1.2%	8.7%	N/A
	TOTAL		217,515	241,273	10.9%	100%	2.1%	11.0%	-22.3%
	SUBTOTAL (By NetworkType)								
	HMO		205,278	224,996	9.6%	93%	3.0%	9.9%	-22.7%
	PPO		12,237	16,277	33.0%	7%	-12.6%	25.9%	-20.0%
	TOTAL		217,515	241,273	10.9%	100%	2.1%	11.0%	-22.3%

2023 ACA “Small Group” Filed Rates

						Approved	Filed	Filed	Filed	Filed	Filed	
						2022	05/02/22	05/02/22	05/02/22	05/02/22	05/02/22	
						Average	1Q23	2Q23	3Q23	4Q23	2023	
Legal	Network	Members	Members	% Change		Rate	Average	Average	Average	Average	Average	
Entity	Type	On & Off	On & Off	in Members	02/28/22	vs	Rate	Rate	Rate	Rate	Rate	
		Exchange	Exchange	vs	Market	Share	Increase*	Increase	Increase	Increase	Increase	
		02/28/21	02/28/22	02/28/22								
CareFirst BlueChoice, Inc.	HMO	173,199	175,433	1.3%	71%		4.4%	13.1%	13.5%	10.1%	10.5%	11.7%
CF GHMSI	PPO	12,767	12,819	0.4%	5%		3.7%	4.7%	5.4%	6.2%	7.0%	5.8%
CF CFMI	PPO	6,754	7,146	5.8%	3%		3.7%	4.7%	5.4%	6.2%	7.0%	5.8%
United Healthcare of the Mid-Atlantic	HMO	4,508	3,713	-17.6%	1%		9.4%	9.8%	10.0%	10.2%	10.6%	10.1%
United Healthcare (Optimum Choice)	HMO	11,499	9,399	-18.3%	4%		7.0%	9.7%	9.9%	10.1%	10.4%	10.0%
United Healthcare (MAMSI)	EPO	14,429	11,791	-18.3%	5%		8.8%	2.7%	2.9%	3.1%	3.4%	3.0%
United Healthcare Insurance Co.	PPO	20,008	17,084	-14.6%	7%		8.0%	1.8%	2.0%	4.4%	4.7%	3.2%
Kaiser	HMO	10,468	10,492	0.2%	4%		5.0%	11.0%	11.1%	7.0%	6.5%	9.0%
Aetna Health, Inc.	HMO	59	49	-16.9%	0%		-26.8%	14.2%	13.6%	13.0%	11.3%	12.6%
Aetna Life Insurance Co.	PPO	358	402	12.3%	0%		-10.1%	10.9%	4.5%	9.8%	10.3%	8.9%
TOTAL		254,049	248,328	-2.3%	100%		5.1%	10.9%	11.2%	8.9%	9.3%	10.0%
			(5,721)									
SUBTOTAL (By Insurer)												
CareFirst		192,720	195,398	1.4%	79%		4.3%	12.2%	12.7%	9.7%	10.1%	11.1%
United Healthcare		50,444	41,987	-16.8%	17%		8.1%	4.5%	4.7%	5.8%	6.1%	5.3%
Kaiser		10,468	10,492	0.2%	4%		5.0%	11.0%	11.1%	7.0%	6.5%	9.0%
Aetna		417	451	8.2%	0%		-11.9%	11.3%	5.5%	10.2%	10.4%	9.3%
TOTAL		254,049	248,328	-2.3%	100%		5.0%	10.9%	11.2%	8.9%	9.3%	10.0%
SUBTOTAL (By Coverage Type)												
HMO		199,733	199,086	-0.3%	80%		4.7%	12.8%	13.1%	9.9%	10.3%	11.4%
EPO		14,429	11,791	-18.3%	5%		8.8%	2.7%	2.9%	3.1%	3.4%	3.0%
PPO		39,887	37,451	-6.1%	15%		5.5%	3.4%	3.8%	5.4%	6.0%	4.6%
TOTAL		254,049	248,328	-2.3%	100%		5.0%	10.9%	11.2%	8.9%	9.3%	10.0%

2023 ACA “Individual Dental” Filed Rates

							Filed 05/02/22
		Actual	Actual			Approved	
		Members	Members			2021	2023
		On & Off	On & Off	vs.	03/30/22	Average	Average
Legal	Network	Exchange	Exchange	06/30/20	Market	Rate	Rate
Entity	Type	3/30/21	03/30/22	Δ	Share	Change*	Increase
Alpha Dental	DPPO	3,523	4,607	30.8%	5%	0.0%	-4.0%
CareFirst GHMSI	DPPO	13,492	15,825	17.3%	17%	0.0%	9.4%
CareFirst CFMI	DPPO	31,481	36,924	17.3%	39%	0.0%	9.4%
Delta Dental of PA	DPPO	15,629	23,344	49.4%	25%	0.0%	-2.2%
Dominion Dental Services	DHMO+DPPO	9,540	14,432	51.3%	15%	1.5%	0.0%
TOTAL		73,665	95,132	29.1%	100%	0.1%	4.5%