



Maryland Responses to an Evolving Individual Market

Bob Morrow, Associate Commissioner Life & Health
Alliance for Health Policy Briefing
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Recent Actions

- Federal Government is returning more control over health care markets to states
- Individual mandate penalty
- Maryland General Assembly
 - SB 387
 - Short Term Medical Insurance
 - Association Health Plans
 - § 1332 Waiver for Reinsurance Application
 - Risk Adjustment Interaction

ACA Individual Mandate

- Gov't no longer allow companies to exclude for pre-existing conditions
- Trade off was the individual mandate
- Designed to fill the three pools and prevent people from getting coverage only after getting sick
- Employed a “carrot and stick” approach
- Stakeholders argued penalty not a large enough stick to motivate people not inclined to enter health insurance market
- Some stakeholders also argued the penalty never proved to be an effective incentive
- Maryland did not adopt a state based mandate penalty during 2018 session of General Assembly

3

Short Term Medical Plans

- New language at § 15-1301(s), Insurance Article per SB 387
 - In Maryland, STLD policy term must be less than 3 months
 - Policy may not be extended or renewed
 - Medical Underwriting is allowed, BUT carrier must apply same underwriting standards to all applicants including those previously covered
 - Applying for 2 or more short term policies at one time with the same application is not permitted under new subsection (s)
 - Deductibles, Out of Pocket limits must reset, etc.

4

Association Health Plan Rule

- Potential impact on individual and small group markets
 - Groups of one may leave the individual market
 - Groups leave small group market for large group health plans
- A policy of group health insurance may be issued under state law to an association "organized and maintained in good faith for purposes other than that of obtaining insurance. § 15-302(c)
- Associations are subject to individual, small group, and large group requirements under Title 15, subtitles 12, 13, and 14
- SB 387 applies Subtitle 12 (small employers) to HBP's offered by associations if it covers employees of 1 or more small employers
- Also subject to health benefit plan rate filing and approval requirements of § 11-603

5

Association Health Plans

- Current State Laws could limit the AHP Rule impact
- MEWA's defined as and regulated in Maryland as "insurers"
- Insurers are subject to capital and surplus requirements
- Fully insured MEWA's remain subject to state insurance laws
- Self-funded MEWA's still subject to state law to the extent "not inconsistent" with AHP Rule

6

§ 1332 Waiver - Reinsurance

- Funded by contributions from companies previously paid to federal government
- Application deemed complete by HHS
- Estimated funding level is \$462 million
- Provide premium relief, especially for individuals purchasing off exchange
- Interaction between reinsurance and risk adjustment being studied for 2019

7