



# Regulation Developments in Maine's Health Insurance Markets

Presented By the Maine Bureau of Insurance

Maine State Chamber of Commerce Health Care Forum

May 25, 2022

# Maine's Health Insurance Market

- In 2022, 70,357 residents obtained health insurance through Maine's individual market, more than double compared to pre-ACA enrollment of 32,000 in 2013.
- Small group experienced a 41% reduction during the same time period from 87,396 to 51,987.
- Premiums for individual coverage have decreased each year MGARA has been in place -0.5% in 2019, -2% in 2020, -11% in 2021 and -2.2% in 2022.
- Small group premiums averaged increases of 8% in 2019 and 2020; 5.5% in 2021 and 3.4% in 2022.

# Made for Maine Health Coverage Act LD 2007 PL 653

**Merged Market:** Establishes a process to study and implement a merged individual and small group market

- Extends reinsurance to small group
- Stabilizes the shrinking small group market
- Provides more credibility for pricing the ACA markets
- Requires filing a 1332 waiver amendment with CCIIO/CMS

**Standardized Plans – “Clear Choice”**

**State Based Exchange – established in DHHS**

- Including website and call center
- Funds to spend on consumer education that were flowing to federal level.

# Section 1332 of the ACA

STATE INNOVATION WAIVER



# Leveraging a merged market and the Maine Guaranteed Access Reinsurance Association (MGARA) using a Section 1332 Waiver

Authorized by LD 2007 PL 653

## Purpose –

- To stabilize and reduce premiums in individual and small group health insurance market by providing reinsurance to insurers in the pooled market.

## Funding –

- Merging small group and individual markets and reinsurance reduces individual APTC to provide pass through funds. \$4 per person per month assessment on all market segments. Available surplus funds.

## MGARA –

- Changed from prospective to retrospective model.

Deferred the pooled market under 24-A M.R.S. § 2792 from 2022 to 2023.

## 2021 LD 1725 Public Law c. 361

- Based on the Federal Government approving the state innovation waiver amendment that extends reinsurance to the pooled market
- Projections that both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent the merged market and MGARA.

# The Merged Market Proposal

- Pooling the markets (without reinsurance) would reduce rates in the individual market but increase rates in the small group market. The reduction in individual market rates would lower federal spending for Premium Tax Credits (PTC).
- The second component of the waiver extends reinsurance to reduce premiums across the newly-pooled individual and small group market.
- Average individual market premium expected to be lower by 8% compared to the baseline. In the small group market, the average premium is projected to decrease 6% compared to the baseline.
- In 2024, the average individual market premium is expected to be 6.1% lower than baseline and the average small group market premium is expected to be 3.9% lower than baseline.
- The baseline estimate excludes the premium reductions associated with Maine's current Section 1332 waiver and assumes there is no reinsurance program.

# American Rescue Plan Act (ARPA)

- Effective on March 11, 2021, American Rescue Plan Act (ARPA) increased premium subsidies for the Affordable Care Act's (ACA) health plans.
- Calendar Years 2021 and 2022, ARPA reduces the percentage of annual income that individuals and families with income below 400% of the federal poverty level (FPL) are expected to pay for the second lowest cost Silver plan (SCLSP); and expands premium subsidies for those with income that exceeds 400% FPL.
- Additional premium tax credits provided additional pass-through funds in the amount of \$8.6M announced on September 7, 2021, for Maine.
- Additional funding was not planned when rates for 2022 were approved so those funds will be applied to 2023 merged market claims through MGARA.



## Pooled/Merged Market Aspects

- The same health insurance plans offered to individuals and small groups with some marketing differences.
- One risk pool for rating – same premiums for the same coverage and a larger block to spread risk
- Reduces premiums in both markets to encourage growth in membership
- Reinsurance (MGARA) expanded to cover small group plans - greater stability to the market by covering high-cost claims.

# Changes to MGARA

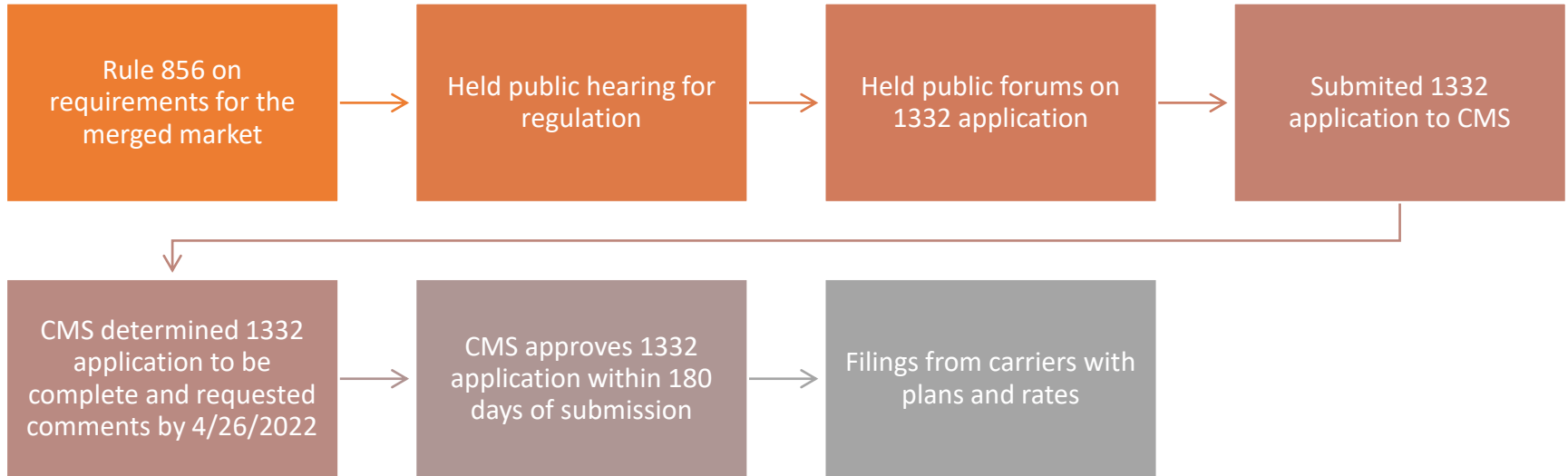
The prospective reinsurance model unique to Maine and Alaska.

90% of claims between \$65,000 and \$95,000 and 100% over \$95,000, with the exception that 40% of claims above one million are covered (federal risk adjustment covers a portion of these).

Changed to a retrospective reinsurance program for 2022.

Now reimbursing insurers 100% of claims costs between \$76,000 and \$250,000, with the portion of claims exceeding \$250,000 the responsibility of the health insurer.

# Steps towards implementing pooled market changes



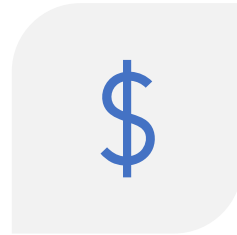
# Clear Choice Process



STAKEHOLDER MEETINGS  
WITH WRITTEN COMMENTS



MATERIALS POSTED ON THE  
BUREAU OF INSURANCE  
WEBSITE



RULE 851 FOR CLEAR CHOICE  
REQUIREMENTS INCLUDING  
PROPOSED BULLETIN WITH  
COST-SHARE STRUCTURE.



FILINGS TO BE REVIEWED AND  
APPROVED BY BUREAU OF  
INSURANCE JUNE-AUGUST

# Clear Choice Plans

Benefits	Bronze \$8,700	Silver \$5,500	Gold \$2,500	Platinum
Estimated AV Value	64.56%	70.52%	77.48%	88.54%
Deductible	\$8,700	\$5,500	\$2,500	\$500
Maximum OOP	\$8,700	\$7,500	\$6,000	\$3,000
Coinsurance	0%	30%	30%	20%
PCP and Behavioral Health Office Visits*	\$50	\$30	\$25	\$20
Specialist Visit	\$100	\$60	\$50	\$40
Free Standing Urgent Care	0% Coins. After Ded.	\$40	\$40	\$25
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)		30% After Ded.	30% Coins. After Ded.	20% Coins. After Ded.
Outpatient Surgery and Physician/Surgical Services				
Inpatient Hospital Services and ER				
Inpatient Physician, Rehabilitation and Surgical Services				
Ambulance				
All other benefits				
RX - Tier 1 Generic	\$25			
RX - Tier 2 Preferred Brand	0% After Deductible	\$50	\$50	\$15
RX - Tier 3 NonPreferred		30%	30% up to \$300	\$100
RX - Tier 4 Specialty		50%	50% up to \$600	\$250

Reduce Confusion

AV Restrictions

Consumer Groups/Carriers

State & Federal Restrictions

Premium Disruption

# Small Business Health Insurance Premium Support Program

- Assisting more than 5,700 small businesses as of 12/31/21 (over 44,000 covered lives)
- Program runs from November 2021 through April 2023
- Part of Governor Mills' Maine Jobs and Recovery Plan
- \$39 million in federal funding from the American Rescue Plan Act
- Program provides temporary premium relief to small employers and their employees
- Bureau Rule 857 implements the parameters of the program

# Small Business Health Insurance Premium Support Program

**Eligible Small Groups:** Fully-insured, single risk pool, ACA-compliant small group plans.

Premium credits are based upon a set amount established by subscriber type.

## Subscriber Type Examples:

Employee \$50

Two adults \$100

One adult + child(ren) \$80

Two adults + child(ren) \$130

(Note: Adult + child plans provide the same credit per plan, regardless of number of children. “Child” includes an adult dependent on the employee’s plan.)

# How is the Program Administered?

Small Group Insurers provide the credits on a monthly basis to small group plan sponsors. The credit appears as an adjustment to the monthly premium invoice.

Insurers report monthly to the Bureau, which reimburses the insurers for the amounts of credits provided as well as reasonable administrative costs of administering the program.

\*Insurers provide a notice to their small group members explaining the program, and explaining that **the premium credit must be shared with the employees.**

\***Employers must provide notice to their employees about the program.**



# How do Small Businesses Get More Information?

- Small group plan sponsors should first check with their insurer for details about the program and the credit amounts they should expect to receive.
- The Bureau's webpage <https://www.maine.gov/pfr/insurance/home> has information about the program, including examples of the various premium credit divisions between the employer and employee.
- Our information page includes a calculator which can make the credit division calculation for employers

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