

**Maine State Chamber of Commerce
2022 Health Care Forum
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Market Reform proposal from Governor Mills (enacted in 2020)

- Authorized Maine’s transition from FFM to a state-based exchange for individual market
- Authorized merger of the Individual and Small Group markets on or after 1/1/2022
 - Carriers would be required to offer the same products to both individual and small group purchasers
 - The Maine Guaranteed Access Reinsurance Association (MGARA), which reinsures the individual market today would be expanded to the merged market
 - Merger was initially subject to requirement that the Superintendent find that the average premium rates in both the individual and small group markets would be the same or lower than they would have been absent a merger; however, when it became clear that standard wouldn’t be met, the law was amended to apply a different standard
 - Also requires CMS approval of section 1332 waiver amendment
- Requires the BOI to adopt Clear Choice plan design requirements for Individual and Small Group markets beginning 1/1/2022
 - IND plans must be available to all eligible SGs within the service area and vice versa in a merged market.
 - Premium rates may not vary based on whether issued to IND or SG in a merged market.
- Changes MGARA reinsurance to be retrospective and applies it to the pooled market beginning 1/1/2022

L.D. 1725, “An Act To Clarify the Deferral of the Pooled Market and Link Small Employer Clear Choice to Pooling in the Made for Maine Health Coverage Act” (P.L. 2021, c. 361)

- Enacted in 2021, it delayed potential merger of the Individual and Small Group Markets from 1/1/2022 to 1/1/2023
- Changed the standard for determining whether markets will merge
 - In **L.D. 2007**, the standard was whether average premium rates in the individual and small group premium rates would be the same or lower than they would have been absent a merger of the markets.
 - **L.D. 1725** changed that standard—the standard now will be whether the average individual and small group rates are lower than they would have been absent a merger and absent MGARA. Rather than compare individual rates with MGARA to individual rates in a merged market with MGARA, the comparison is now individual rates without MGARA to individual rates in a merged market with MGARA.
 - Makes it very easy to meet the standard for merger to move forward

Clear Choice Plan Design

- BOI adopted the Clear Choice plan design rule (Rule 851) effective June 5, 2021
- For 2021, it developed 12 plan designs:
 - 4 Bronze (2 HSA)
 - 4 Silver (2 HSA)
 - 2 Gold
 - 1 Platinum
 - 1 Catastrophic
 - 3 alternative plan designs permitted
- BOI has clarified that we can offer plans to small groups that do not have to be offered to individuals and vice versa but they would be subject to guaranteed issue.
- BOI currently engaged in the stakeholder process for determining 2023 plan designs
- If markets merge, Small Group plans must comply with Clear Choice standards for 2023

Merger of the Individual and Small Group Markets

- The BOI adopted Chapter 856, “Combination of the Individual And Small Business Health Insurance Risk Pools,” in January 2022
 - Established process to be followed by BOI in any merger of the markets; does not actually implement a merger of the markets
- An updated Gorman Actuarial report was issued in January 2022, with an addendum issued on March 23, 2022
- The Bureau of Insurance had a public comment session on January 28 and accepted comments through February 4
- The 1332 waiver application was submitted to CMS on February 10, 2022, and addendum submitted on March 23, 2022.
- CMS deemed the application complete on March 28, 2022 and accepted public comment through April 26.
- CMS has 180 days from the date application was deemed complete to issue its final decision

Gorman Analysis of Merged Market

- **Gorman Actuarial report, January 2022**

- **Premium impact:**

- Individual: 6% increase in rates for 2023; 8% in 2024
- Small Group: 6% reduction in small group rates for 2023, dropping to 4% in 2024.

- **Enrollment:**

- Gorman did not predict future enrollment in the Individual market under the current scenario
- The small group market will see only modest benefits in terms of membership—a difference of only 1,600 members is projected in 2025 when comparing small group membership in a merged market (46,532) to separate markets (44,946).

- **March 2022 Addendum**

- **Premium impact:**

- Individual: 9.7% increase in rates for 2023; 6.7% in 2024
- Small Group: 6% reduction in small group rates for 2023, dropping to 4% in 2024.

- **Enrollment:**

- Individual market enrollment is approximately 66,000 for 2022; in a merged market scenario, Gorman projects Individual market enrollment dropping to approximately 58,811 in 2025 in a merged market vs 59,995 in separate markets
- The small group market will see only modest benefits in terms of membership—a difference of only 1,600 members is projected in 2025 when comparing small group membership in a merged market (46,532) to separate markets (44,946).