



The Maryland State Medical Society

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PROTECTING MARYLAND'S OBAMACARE EXCHANGE – ONE FINAL STEP THE STATE MUST PREVENT DOUBLE PAYMENTS TO INSURANCE COMPANIES

Op-ed in The Baltimore Sun, by Gene M. Ransom, III

In light of continuing double-digit health insurance premiums in the individual marketplace, during the 2018 legislative session, Governor Hogan and Democratic leaders in the Maryland General Assembly developed a bipartisan solution to create a reinsurance program under a Section 1332 waiver. Governor Hogan's announcement, that the Centers for Medicare & Medicaid Services (CMS) approved Maryland's request, is great news and will be essential in lowering premiums, safeguarding existing insurance companies' participation in the individual market and attracting new carriers to enter the market.

For this reason, MedChi, The Maryland Medical Society, strongly supported this bipartisan effort. While we applaud this stabilization effort, we also know that any State effort to stabilize the market must be carefully done and must align with the Federal Risk Adjustment Program, a program constructed to transfer funds from insurers with a low-risk population to insurers with a high-risk population to reduce incentives for insurers to avoid high-risk enrollees. The Maryland Health Benefit Exchange has one step left - developing and implementing regulations for the new stabilization fund that align the current risk adjustment program and Maryland's reinsurance program.

If properly aligned – risk adjustment and reinsurance – have the potential to lower premiums for Marylanders and ensure a level playing field for all insurance companies that offer coverage in the individual market. However, if out of alignment, these programs can distort the market and reduce competition by creating unfair advantages for some carriers and not others.

Recently, the Hogan Administration made a smart move by engaging the Wakely Consulting Group to analyze whether there is overlap between the proposed State-based reinsurance program and the existing Federal Risk Adjustment Program. This independent analysis looked at the only two carriers in Maryland's individual market and found that one carrier would receive millions in double payments if no adjustments were made to either of the two programs. This will greatly limit the market stabilization impact of the program and benefit only a limited number of enrollees. This is an egregious disparity; and if it is not corrected, will result in far fewer Marylanders receiving premium relief and potentially deter patients from seeking much needed care.

While the Maryland Insurance Administration staff seem to agree with the approach and the findings of the Wakely analysis, we are concerned they might bow to pressure from the dominant carrier that benefits from the double payments and, in doing so, not go far enough to fix the overlap. The bottom line is that anything less than a full adjustment for the entire amount of double payments will equate to unfair policy that benefits some but not all individuals who get their coverage in the individual market.

Not only does this harm some patients who do not use the predominant carrier, it also discourages competition as other carriers may not enter the market. MedChi strongly believes adjusting for

the entire amount of the double payment beginning in 2019 will benefit the most Marylanders, maximize the use of Federal dollars and optimize the market stabilization effect of the reinsurance program. This will lead to a healthier individual market and a healthier Maryland.

The Maryland Health Benefit Exchange has been given the power to fix the double payment issue, and is currently working with the Maryland Insurance Administration to release regulations to implement the new 1332 Waiver and correct for the double payment. The details matter, and that is why MedChi is asking regulators to fully and properly adjust for the double payments. I would ask every Maryland citizen, especially supporters of Obamacare or purchasers of health insurance on the exchange, to take the time to learn more about this effort and urge these agencies to stop the double payments.

About MedChi

MedChi, The Maryland State Medical Society, is a non-profit membership association of Maryland physicians. Formed in 1799, it is still the largest physician organization in Maryland today. The mission of MedChi is to serve as Maryland's foremost advocate and resource for physicians, their patients and the public health of Maryland. For more information, please visit www.medchi.org.

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