



Maryland
Hospital Association

August 18, 2023

Kathleen Birrane
Insurance Commissioner
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, MD 21202

Re: Health Carriers' Proposed Affordable Care Act Premium Rates for 2024

Dear Commissioner Birrane:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment on the proposed individual and small group market insurer rate filings for plan year 2024. Affordable coverage promotes access to appropriate and timely services, prevents unnecessary and costly health care use, and advances the health of all Marylanders.

After attending the Maryland Insurance Administration's (MIA) 2024 Affordable Care Act Proposed Health Insurance Premium Rates Hearing (Hearing) and the HB 413 Workgroup Meeting Three, we submit this letter to reiterate and supplement the issues we raised during the Hearing.

Carrier rate requests significantly outpace hospital revenue update

As we highlighted during the Hearing, we urge MIA to require carriers to explain significant rate increases above the annual hospital revenue update. Although carrier rate requests vary, in the individual market carriers have requested an average rate increase of +5.7%, ranging from -2% to +8%. In the small group market, the carriers have requested an overall average rate increase of +7.5%, ranging from +1.4% to +20.4%.¹

The Health Services Cost Review Commission (HSCRC), however, recently recommended a hospital revenue update for fiscal year 2024 of 4.44%, of which only 3.83% is fully accounted for.² This means carriers know their costs for hospital services over the next 12 months will grow

¹ Maryland Insurance Administration, "Health Carriers Propose Affordable Care Act (ACA) Premium Rates for 2024," press release, June 9, 2023, insurance.maryland.gov/Documents/newscenter/newsreleases/ACA-Premium-Rates-Proposed-2024-6122023.pdf.

² Excludes 0.2% for non-recurring COVID surge funding and 0.41% set aside for full rate applications which is not guaranteed.

by only this small percentage. Since hospital costs are a significant factor in carriers' benefit analysis, we urge MIA to require insurers whose rate requests exceed the hospital revenue update to justify their rate hikes.

Carriers should provide transparent and detailed explanations for their rate increases

The carriers' rate request documents are technical and not easily accessible to the public. To help the public better analyze the requested rate increases, carriers should clearly explain their reasoning, including their assumptions, modeling, and results of their predictions in the documents. This would help the public determine whether the proposed rate hikes are reasonable.

For example, using the carriers' rate request documents, MHA calculated in Attachment I each carrier's estimated total hospital growth.³ When compared to HSCRC's hospital revenue update for fiscal year 2024, most carrier estimates exceed HSCRC's update factor. Additional information in the carriers' rate request documents would enhance the public's ability to evaluate carriers' requests and promote a more transparent outcome.

Carrier rates continue to exceed Reinsurance Program projections

In 2018, the Maryland General Assembly established the State Reinsurance Program to mitigate the impact of high-cost enrollees on carriers in the individual market—easing pressure to raise health insurance premiums. The Reinsurance Program was designed to lower rates by 30% within three years, but if the rate increases in the individual market are included, the 2024 rates would only be 21% below the rates charged in 2018.⁴

We urge MIA to examine why carrier rates continue to exceed Reinsurance Program projections. While the entry of two new carriers to the individual market since its implementation is a promising sign, carrier rates should be closely scrutinized to ensure the rates are competitive and do not disproportionately allow carriers to benefit from the Reinsurance Program.

Thank you for the opportunity to comment. We look forward to our continued partnership to make health care accessible and affordable for all Marylanders.

Sincerely,



Brett McCone
Senior Vice President, Health Care Payment

³ Carrier estimated total hospital growth is calculated by combining inpatient hospital cost, inpatient hospital utilization, outpatient hospital cost and outpatient hospital utilization, then applying a 25-to-75 inpatient-to-outpatient weighing factor.

⁴ Id.



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Page 3

cc: Adam Kane, Chair, Health Services Cost Review Commission
Jon Kromm, Executive Director, Health Services Cost Review Commission

Attachment I

Individual Market			
	Carrier Est. Total Hospital Growth	HSCRC FY 2024 Hospital Revenue Update	Carrier above / (below) HSCRC Update
Carrier #1	2.00%	3.83%	-1.83%
Carrier #2	3.50%	3.83%	-0.33%
Carrier #3	3.50%	3.83%	-0.33%
Carrier #4	5.73%	3.83%	1.90%
Carrier #5	8.35%	3.83%	4.52%

Small Group Market			
	Carrier Est. Total Hospital Growth	HSCRC FY 2024 Hospital Revenue Update	Carrier above / (below) HSCRC Update
Carrier #1	7.58%	3.83%	3.75%
Carrier #2	7.58%	3.83%	3.75%
Carrier #3	7.58%	3.83%	3.75%
Carrier #4	8.23%	3.83%	4.40%
Carrier #5	6.75%	3.83%	2.92%
Carrier #6	6.75%	3.83%	2.92%
Carrier #7	5.98%	3.83%	2.15%
Carrier #8	8.00%	3.83%	4.17%
Carrier #9	8.00%	3.83%	4.17%
Carrier #10	8.00%	3.83%	4.17%
Carrier #11	8.00%	3.83%	4.17%