



Maryland
Hospital Association

July 13, 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 hospital 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. We welcome the chance to work with the Maryland Insurance Administration (MIA) to improve the affordability of health care coverage in Maryland.

Carrier rate requests significantly outpace hospital revenue update

We urge the MIA to require carriers to explain the 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, however, recently recommended a hospital revenue update for fiscal year 2024 of 4.44%, of which only 3.83% is fully accounted for². This means carriers know their costs for hospital services over the next 12 months will grow by only this small percentage. Since hospital costs comprise the largest single line item in carriers' benefit costs, we urge the MIA to require insurers whose rate requests exceed the hospital revenue update to justify their significant rate hikes.

¹ <https://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.

Carrier rates continue to exceed Reinsurance Program projections

In 2018, the Maryland General Assembly established the State Reinsurance Program. The purpose of the Reinsurance Program is to mitigate the impact of high-cost enrollees on carriers in the individual market, thereby reducing the pressure to increase health insurance premiums. The Reinsurance Program was designed to decrease rates by 30% within three years, but if the rate increases in the individual market is included, the 2024 rates would only be 21% below the rates charged in 2018.³

We urge the 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 that the rates are competitive, and not disproportionately allowing carriers to benefit from the protection of 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

cc: Adam Kane, Chair, Health Services Cost Review Commission

³ Id.