



15 June 2015

Mr. Al Redmer, Jr.  
Insurance Commissioner  
Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, MD, 21012

Dear Commissioner Redmer:

I am writing on behalf of the Maryland Women's Coalition for Health Care Reform and the 20 organizations and one individual below in regard to the 2016 proposed rate filings for carriers selling plans on the individual market through the Maryland Health Benefit Exchange.

We want to first express our appreciation for your quick and affirmative response to our request for a hearing. We intend to testify and will be joined by Jay Angoff of Mehri & Skalet, who most recently served as the first Director of the HHS Office of Consumer Information and Insurance Oversight. In 2014, Mr. Angoff conducted a review of the proposed 2015 rates, and we are pleased that he has agreed to do the same this year. Attached is his analysis, which serves as the body of our comments.

As you will see, our focus is on the substantive increases proposed by CareFirst in the individual market. This approach is predicated on two primary factors. CareFirst is the predominant carrier in the State, with 79% of the qualified health plan market<sup>1</sup>. Any increase in CareFirst's rates will have an inordinate impact on Maryland consumers. Second, the rate increases proposed by CareFirst are significantly higher than those of Evergreen and Kaiser - the other two carriers with proposed rate hikes. And, as set out in Mr. Angoff's analysis, the rates proposed by CareFirst do not reflect a number of important factors that would justify a far lower, if any, rate hikes than those proposed.

We fully concur with your own statement that "these rates have a direct effect on the wallets of Maryland residents and business owners." A recent study by Families USA, using data from the Urban Institute, found that one in four

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<sup>1</sup> Source: Maryland Health Benefit Exchange - total QHP enrollment 119,096 and CareFirst enrollment 94,303 for the period from 15 November 2014 - 15 February 2015

adults with non-group coverage went without care in 2014 because they couldn't afford it. A rate increase of the magnitude proposed by CareFirst would only exacerbate an already challenging situation that many experience when seeking to access health care services. This would be particularly true for low- and middle-income Marylanders.

Mr. Angoff identified serious flaws in CareFirst's methodology along with a failure to take into account key factors that mediate against the need for a significant rate hike. For example, CareFirst ignored the impact of stiffer penalties on healthy populations, including the "young invincibles". A study of the phased-in penalties under Massachusetts' state mandate suggests that the significantly increased penalty for 2016 will incentivize enrollment among younger adults and other yet-to-enroll and presumably healthier populations. In fact, Carolyn Quattrocki, Executive Director of the Maryland Health Benefit Exchange has said that this "young invincible" population will be a "high priority" for outreach and enrollment efforts in the third open enrollment period.

In addition to ignoring the impact of the penalty on healthy populations, Mr. Angoff's analysis shows that CareFirst's methodology does not take into account the improved health factor for those who gained and retained coverage since 2014. In fact, CareFirst assumes that those who were uninsured when they enrolled in 2014 will maintain the same less than optimal health status in 2016. This assumes that the "pent up demand" for health services was not addressed despite two full years of coverage.

Another area that deserves special attention is the transformative potential of Maryland's unique Medicare Waiver/New All-Payer Model with its opportunity to lower health care costs. At a meeting at the Center for Medicare & Medicaid Innovation, the staff described this as a national model and applauded the work of the Health Services and Cost Review Commission and Maryland hospitals on the outcomes of the first 18 months of implementation. It is, therefore, surprising that this was not included in CareFirst's methodology.

In addition to Mr. Angoff's analysis, we also endorse the Maryland Hospital Association's (MHA) recommendations regarding the public process for rate review. While we understand and appreciate that Maryland's process is more stringent and transparent than many other states, we believe that there is room for further improvement. For example, MHA was unaware of the June 17<sup>th</sup> MIA hearing until we informed MHA representatives of it. Based on MHA's experience, it is clear that more should be done to ensure that those impacted by the rate increases - the public at large - are made aware of the opportunity to comment and participate in the public hearing process. At a minimum, we believe that extending the comment period would be advantageous. We would be pleased to work with the MIA and other stakeholders to develop opportunities for greater consumer engagement in this and other areas.

We wish to reiterate our appreciation for the opportunity to submit comments. And, we look forward to testifying at the hearing. We would also be happy to provide any further information that might be helpful as you conduct your analysis and weigh your decision.

Sincerely,



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**Signatory Organizations**

Advocates for Children and Youth

League of Women Voters of Maryland

Maryland Citizens' Health Initiative

Maryland Nonprofits

Mental Health Association of Maryland

National Association on Mental Illness - Maryland and 12 Chapters

National Council on Alcoholism and Drug Dependence - Maryland Chapter

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