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Contact: Jeananne Sciabarra, jsciabarra@consumerhealthfirst.org

New Approved Health Insurance Rates Will Burden Maryland Consumers

Press statement on the Maryland Insurance Administration's Approval of Significant Rate Increases

Statement from Leni Preston, President, and Jeananne Sciabarra, Executive Director, Consumer Health First:

Consumer Health First appreciates the open, thorough and fair rate review process overseen by Maryland's Insurance Commissioner, Al Redmer, Jr. However, we are extremely disappointed by the significant increases approved for 2017 health insurance rates, particularly for CareFirst.

While we recognize that CareFirst lost money in the individual market last year, its proposed rate increases are based to a large extent on CareFirst's assumption that underlying health care costs will increase by almost 10 percent annually in 2017. That is unreasonable, and it is inconsistent with CareFirst's own data. Moreover, the steep increases approved for CareFirst will just make it more likely that healthier individuals will not buy health insurance next year either on or off the Maryland Health Benefit Exchange. We believe that Commissioner Redmer could have lowered CareFirst's proposed increase to a more reasonable and affordable level.

We are concerned for the more than 260,000 consumers who buy their own health insurance in Maryland, many of whom already struggle to afford their coverage. The approved rates mean that their premiums will be at least 20 to 31 percent higher than in 2016, significantly adding to their monthly financial burden. These increases will be particularly challenging for the approximately 130,000 consumers who do not qualify for a subsidy through the Exchange.

This year's rate review process made one thing abundantly clear: it is time to take a hard look at ways to improve Maryland's health insurance market to ensure that all consumers can continue to afford high quality, comprehensive health care. There are a number of steps we believe should be examined as we work to both achieve the promise of the Affordable Care Act and create a robust and competitive insurance market in Maryland. These include:

Merge the individual and small group markets as the District of Columbia has successfully done. CareFirst BlueChoice, the largest provider of individual health insurance in Maryland covering 69 percent of the market, requested an average rate increase of about 14 percent in the



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District of Columbia but about 28 percent in Maryland. This illustrates that increasing the number of people in the market helps to spread risk and thereby lower costs.

Take advantage of Maryland’s all-payer claims database at the Maryland Health Care Commission to identify the health conditions and treatments driving costs in the individual market. This would enable policymakers to identify appropriate benefit changes, such as value-based insurance, to help contain costs or identify health care programs carriers should have in place to meet the health care needs of these consumers. This analysis should also be used during the rate review process, giving Commissioner Redmer and his staff independent information to verify carriers’ medical trends.

Investigate ways to increase competition. This year, Maryland consumers could choose a health insurance policy from CareFirst, Cigna, Evergreen, Kaiser or UnitedHealthcare. In 2017, UnitedHealthcare will exit the individual market, and there may be other changes as well. Competition is good for consumers, giving them choices and holding down costs. Mandating that MCOs and all those in the small group market provide coverage in the individual market should be considered, as should inclusion of a public option to bring additional competition. Additionally, reestablishing Maryland’s reinsurance program to help pay for extraordinary claims would make it more palatable for companies to enter the individual health insurance market.

For now, we all need to work together to encourage consumers to shop around during the 2016-17 open enrollment period. Faced with much higher costs, consumers need to carefully consider the value proposition each carrier offers to find the best option at the lowest cost. We all have a role to play, including the Maryland Insurance Administration, the Maryland Health Benefit Exchange and consumer advocates, as well as insurance agents and brokers. In addition, in-person assistance for consumers is available in each county – go to www.marylandhbe.com and click on Connectors & ASCEs for contact information.

Consumer Health First looks forward to working with Commissioner Redmer as he continues to improve the rate review process, and we welcome the opportunity to work with all stakeholders to create a healthy and robust insurance market that works for Maryland’s consumers.