



STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Janet T. Mills
GOVERNOR

Eric A. Cioppa
Superintendent

October 2, 2020

The Honorable Alex Azar
Secretary of Health and Human Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

The Honorable Steven Mnuchin
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Azar and Secretary Mnuchin:

The State of Maine, through its Department of Professional and Financial Regulation, Bureau of Insurance, intends to submit an application for a State Relief and Empowerment Waiver under Section 1332 of the Patient Protection and Affordable Care Act (“section 1332 waiver”) to the Centers for Medicare and Medicaid Services (CMS) in the Department of Health and Human Services, and the Department of the Treasury (collectively, “the Departments”).

Maine currently has an approved section 1332 waiver that waived Section 1312(c)(1) of the Patient Protection and Affordable Care Act (“PPACA”) for a period of five years beginning January 1, 2019 to permit reinstatement of the Maine Guaranteed Access Reinsurance Association (“MGARA”) reinsurance program for the individual health insurance market.

The new application would seek approval of an amendment to Maine’s section 1332 waiver that would waive PPACA Section 1312(c)(1) for a new waiver period of five years beginning January 1, 2022 through December 31, 2026 to permit extension of the MGARA reinsurance program to a pooled individual and small group market. This waiver would not affect any other provision of the PPACA. This waiver would result in a lower market-wide index rate, thereby lowering gross (*i.e.*, prior to the application of federal premium tax credits) individual premiums from what they would have been without the reinsurance program, thereby reducing the federal cost of the premium tax credits (“PTCs”).

The reestablishment of the MGARA reinsurance program through Maine’s existing section 1332 waiver strengthened Maine’s individual health insurance market. By reimbursing insurers for high-cost claims, the reinsurance program spread risk across the broader Maine health insurance market, thereby lowering gross premiums and increasing access to affordable private coverage. The MGARA reinsurance program is expected to provide a similar result for small group coverage when

OFFICES LOCATED AT 76 NORTHERN AVENUE, GARDINER, MAINE 04345

www.maine.gov/pfr/insurance

Phone: (207) 624-8475

TTY: Maine Relay 711

Customer Complaint: 1-800-300-5000

Fax (207)624-8599

Maine pools the individual and small group markets, while continuing to make individual coverage more affordable than it would have been in the absence of MGARA.

Since March 2017, the small group market in Maine has experienced significant declines in membership and high medical cost trends. The average annual rate increase for the small group market was 8.8% in 2019, 8.5% in 2020, and 5.3% in 2021. On its current trajectory, the small group market may continue to see membership decline, and only those that truly need health care services may stay enrolled in the market, which will lead to a continued escalation in premiums.

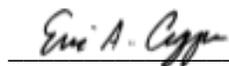
On March 18, 2020, Public Law 2019, Chapter 653, “An Act To Enact the Made for Maine Health Coverage Act and Improve Health Choices in Maine,” became effective in Maine. This legislation seeks to mitigate rate increases in the small group market and help stabilize both markets by combining the individual and small group markets into one rating pool and overlaying a retrospective reinsurance program across the pooled market. Pooling the markets alone would reduce rates in the individual market and increase rates in the small group market. Extending the MGARA reinsurance program to the pooled market would ensure that premiums do not go up in either the small group or the individual market, compared to without a waiver. The reduction in rates in the individual market would reduce federal spending on PTCs, which would allow Maine to receive that additional amount from pooling the markets in federal pass-through funding through the section 1332 waiver. This additional federal funding, combined with the current \$4.00 per member per month assessment for the MGARA reinsurance program, would fund a retrospective reinsurance program that would benefit the entire pooled market, generating additional federal pass-through funding.

Public Law 2019, Chapter 653 provides that the pooled market is contingent on rules adopted by the Maine Superintendent of Insurance based on certain rate projections, as well as the Departments’ approval of a section 1332 waiver. Maine is still reviewing this legislation and the actuarial analyses performed to date assessing the impact of a pooled market. However, given the timeframe required by the legislation, we wish to express our intent to move forward with a section 1332 waiver application at this time. The desired timeframe for this application would be as follows:

11/30/2020:	The public comment period begins. Tribal consultation initiated.
12/15/2020:	Public comment hearing is held.
12/30/2020:	The public comment period ends. Tribal consultation period ends.
01/15/2021:	The 1332 waiver application is submitted to the Departments.
03/01/2021:	The Departments determine that the section 1332 waiver application is complete.
05/01/2021:	The Departments approve the section 1332 waiver.
08/05/2021:	Amended MGARA Plan of Operation approved by Superintendent of Insurance.
08/22/2021:	Deadline for final determination of 2022 rates.
01/01/2022:	MGARA reinsurance program switches to a retrospective operation and reinsurance applies to the pooled individual and small group market.

We appreciate your time and consideration, and we look forward to working with you.

Sincerely,



Eric A. Cioppa
Superintendent of Insurance