COMMUNITY
Health Options™

September 11, 2020

Eric Cioppa, Superintendent
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

Dear Superintendent Cioppa:

I am writing in opposition to the proposal to merge Maine's small group and individual markets. As Maine's only domiciled non-profit health insurer, Community Health Options has over 90% of its business in the individual and small group markets and has been a reliable carrier in these lines of business since our commencement of operations in 2014. We support the goal of reversing the decline in participation in Maine's small group market, but based on the recent actuarial analysis the 'pooled market' approach would provide no ongoing support to our small group market while unraveling the gains made to help the individual market.

In the recent analysis conducted by Milliman, the proposed merging of the market fails to satisfy the preconditions for the pooled market as found in PL 653, namely that ". . . *both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent the provisions of this section.*"

Milliman forecasts a dramatic drop in grant revenue for 2022 due to the market merger and change to the architecture of the program, from $28.3 M in 2021 to $5.4 M in 2022. Even if the drop weren't as dramatic, the dilution of the pass through funding over the larger pool will reduce the reliance on the program and therefore shrink the spread in the premiums with and without MGARA. This narrowing delta (between with and without MGARA) then contributes to further reductions in pass through funds in subsequent years. Looking beyond 2022, the outlook for the pooled market is one of MGARA in a death spiral, with an evaporation of surplus and a severe diminishment of that program's support for the individual market.

MGARA's restart was focused almost exclusively on the individual market, particularly those without the availability of APTC. MGARA has been a success insofar as individual market premiums are a good measure: individual market rates have decreased an average of 13% heading into 2021 and this reduction is largely attributable to the increasing reliance by individual market carriers upon the risk protection afforded by MGARA. Without repeating the Milliman analysis, the increased volatility that comes with the significantly higher attachment point (moving from $65,000 today to $350,000 in the merged market), and the drop in expected pass-through funding through the revised s. 1332 waiver both serve to weaken reliance on the program. This in turn leads to even high attachment points and further loss of the pass-through funds from CMS, fueling the death spiral mentioned earlier.

PL 653 indicates that if the preconditions for a pooled market cannot be met, then the Superintendent "shall conduct an analysis of alternative proposals to improve the stability and affordability of the small group market." Among such alternatives worth exploring is the redefining of the small group market to include businesses up to 100 employees (rather than 50).

Thank you for this opportunity to comment on the proposal.

Sincerely,

Kevin Lewis

Kevin Lewis
President & CEO

cc: Marti Hooper
Brittnee Greenleaf