

# An Early Update on Privately Insured Spending in Maryland's Individual Market, 2019



Commission Meeting  
September 17, 2020



# Background



This report examines health care spending for the individual market segment by service category.



The analysis relies on 2016, 2017, 2018 and 2019 data from Maryland's Medical Care Database (MCDB), which contains health insurance enrollment, health care claims of Maryland residents.



This update is limited to data for Maryland residents who are enrolled in individual market and under 65 years of age.

# Maryland's Reinsurance Program – Facts and Outcomes



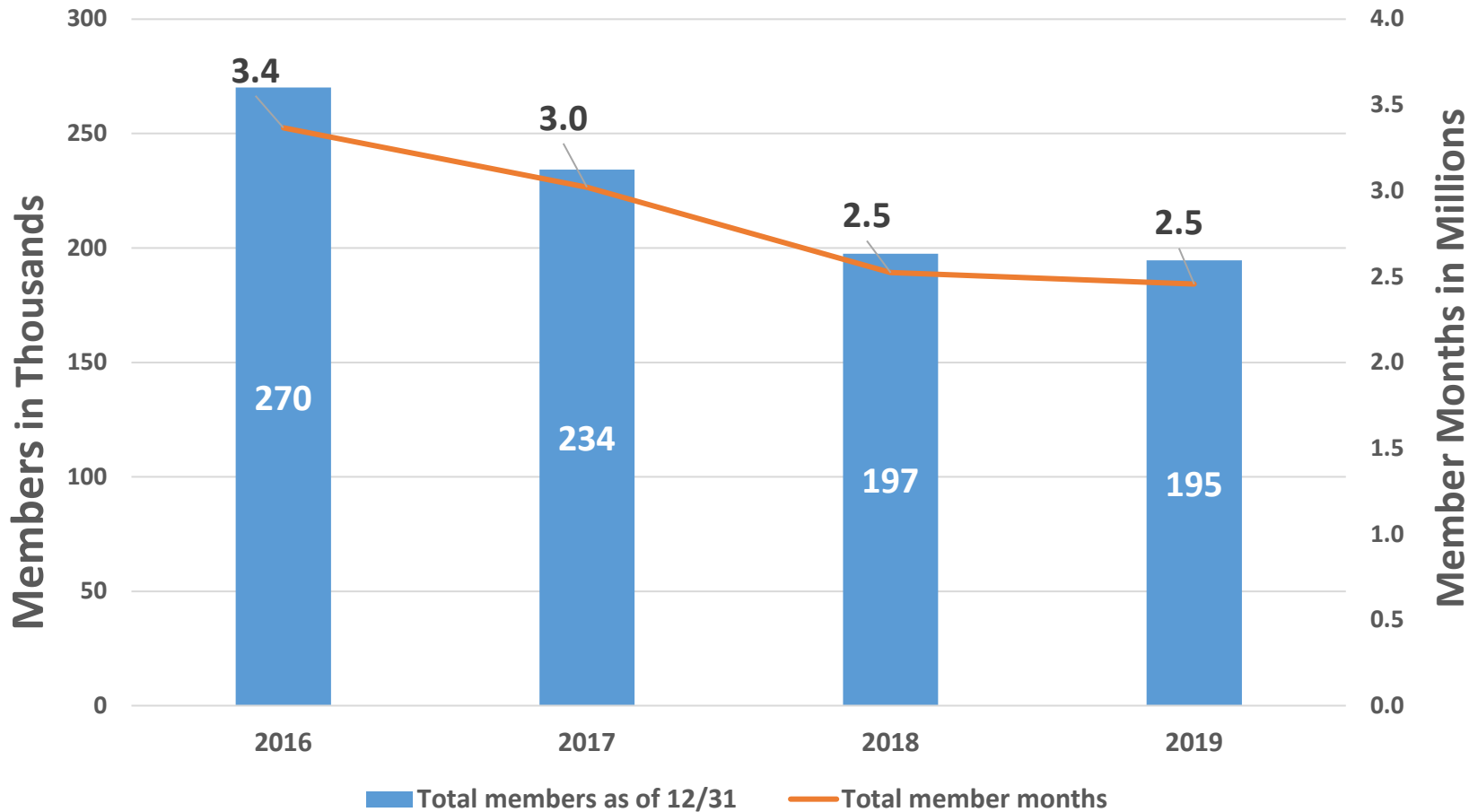
- Established in CY 2019 after federal government approved Maryland's ACA 1332 Waiver.
- ACA 1332 Waiver allowed Maryland to partially fund reinsurance program using federal passthrough funding.
- Program reimburses insurers for 80% of an insured's claim costs between \$20,000 (attachment point) and a cap of \$250,000.



- Average insurance rates are down by 23.5% between 2018 and 2020
- Maryland received \$820 million in federal passthrough funds over the last two years. Federal fund have largely funded the reinsurance program in 2019 and 2020.
- Rates will drop about 12% beginning in January 2021.
- United Health Care reentering the individual market in 2021. United Health Care exited individual market in 2016.

# Enrollment Overview as of 12/31 and Member Month, Individual Market, (ACA-Compliant and Non-Compliant Plans) 2016-2019

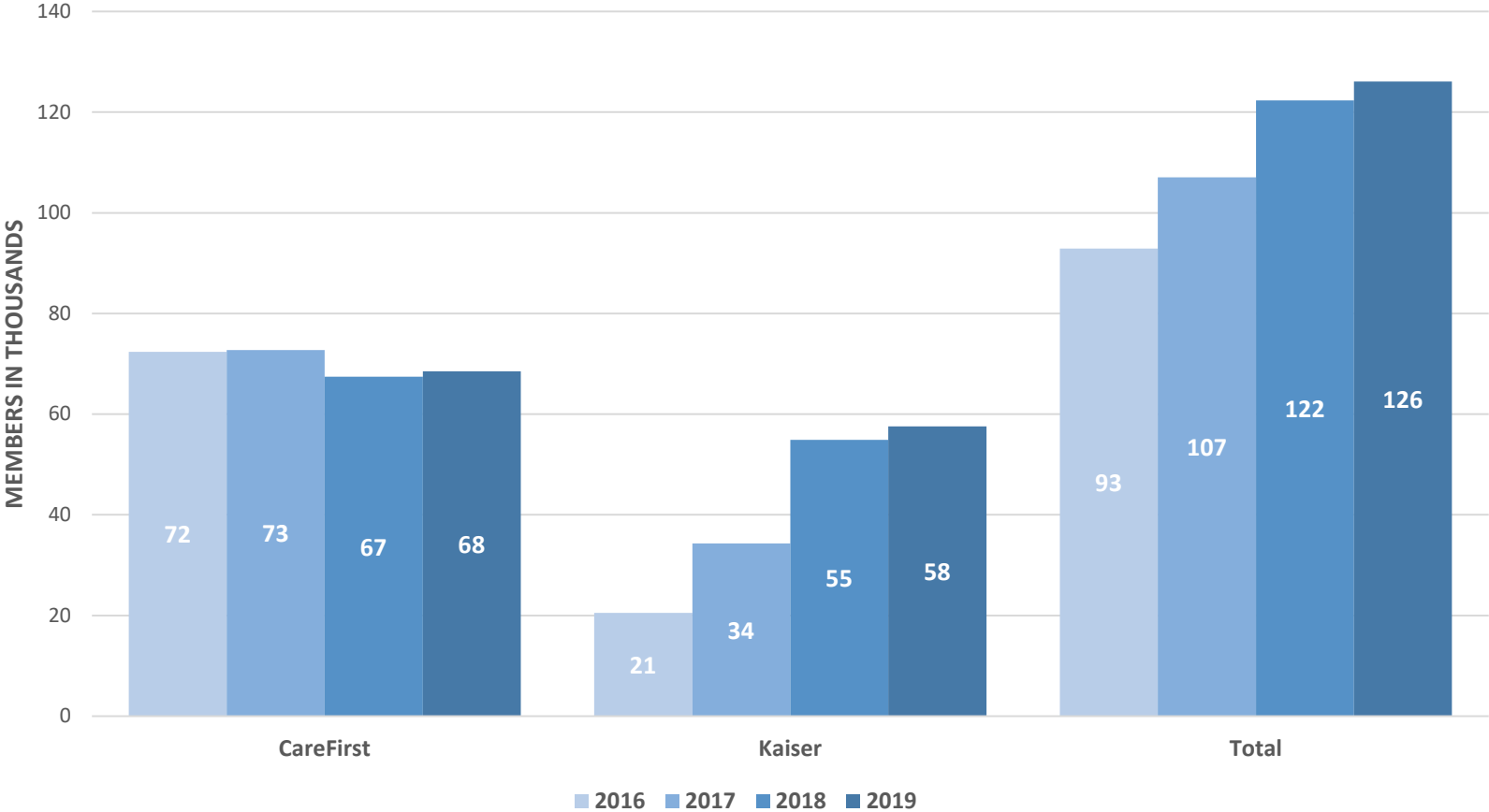
Overall total members between 12/31/2018 and 12/31/2019 declined in the individual market.



\*Includes Kaiser Plans

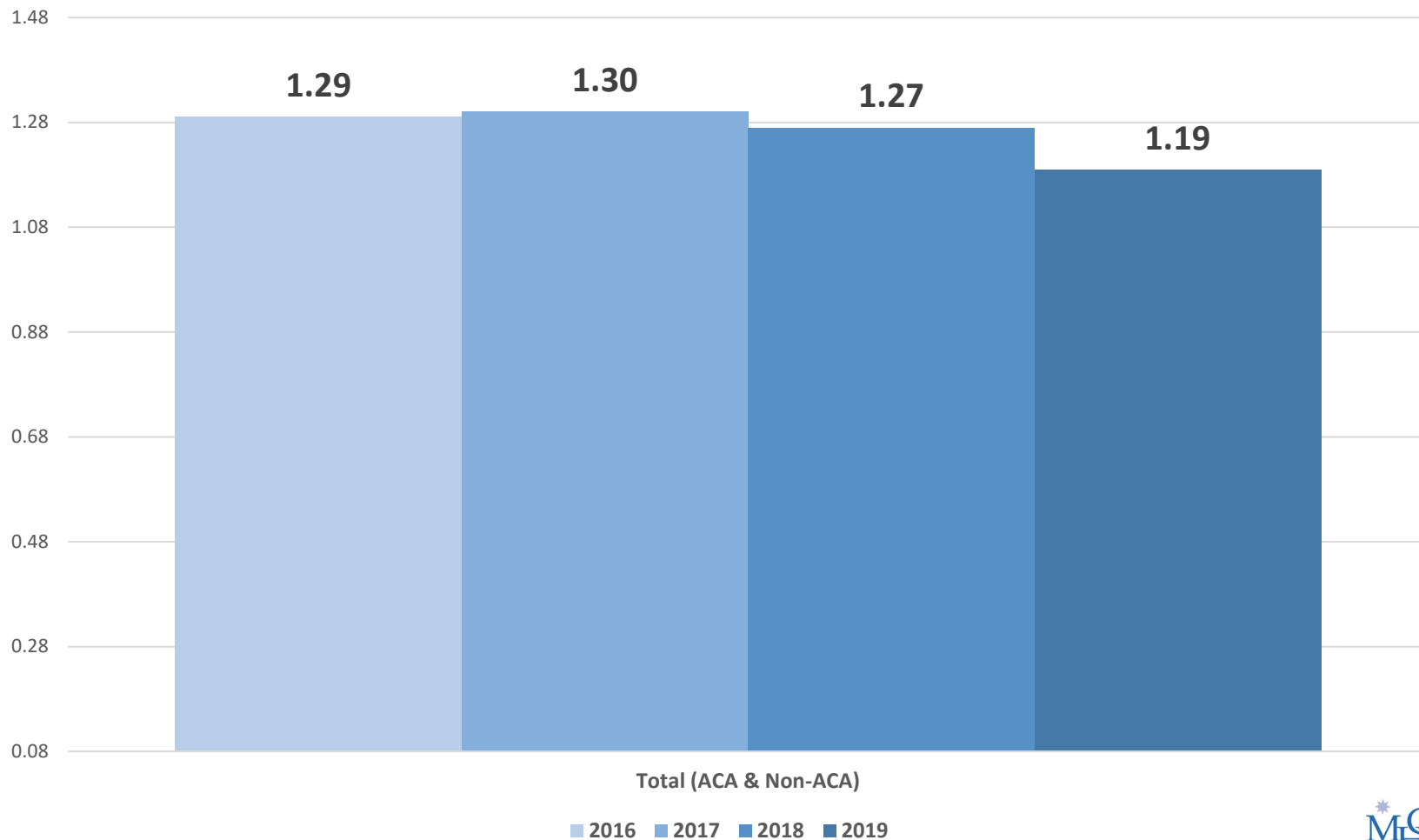
# On Exchange Individual Market Enrollment As Of 01/31 , 2016-2019

On-Exchange enrollment as of January 2019 increased by about 3% compared to January 2018.



# Median Illness Burden Risk Scores Individual Market (ACA-Compliant and Non-Compliant Plans) 2016-2019

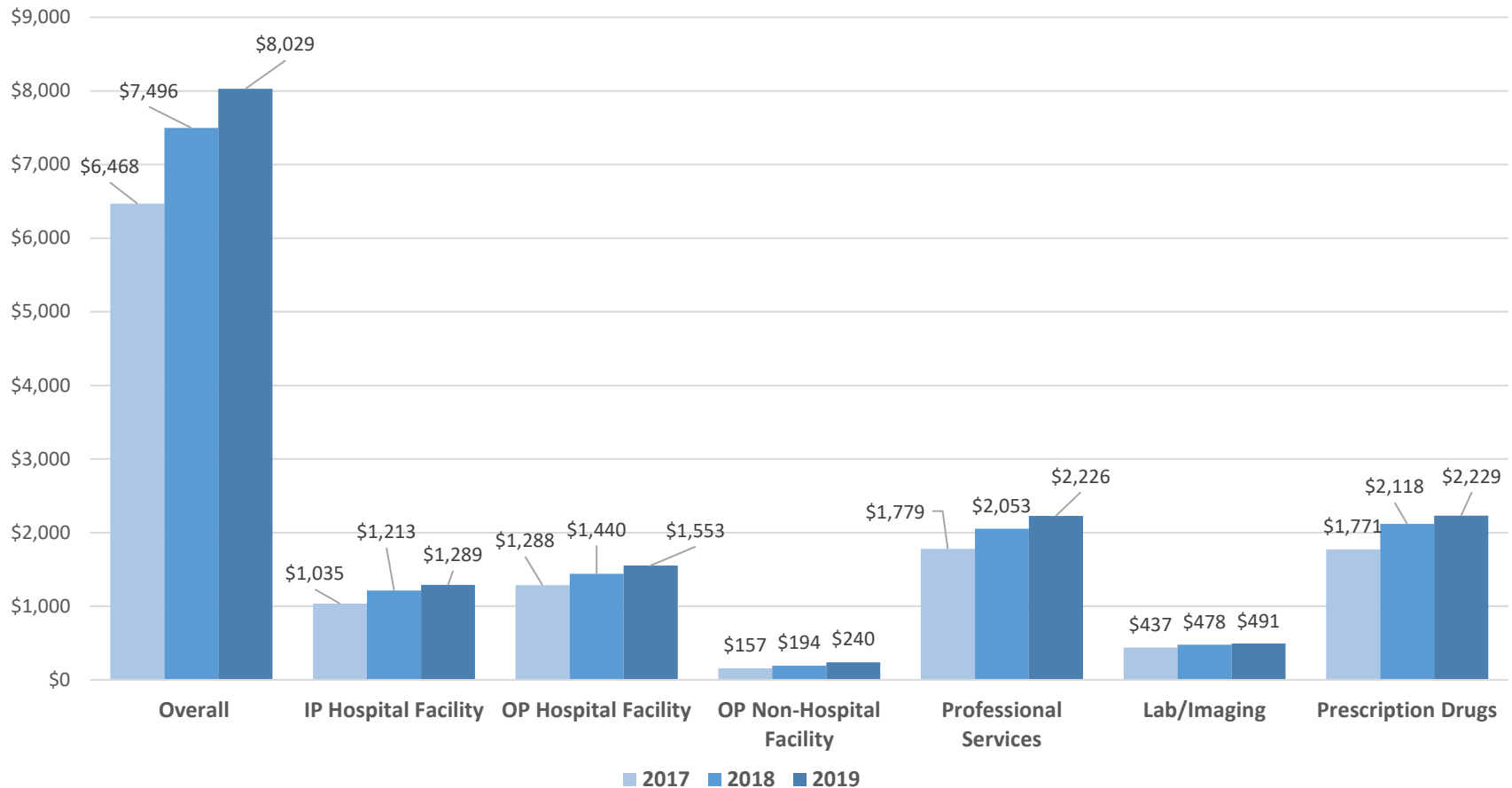
Median illness burden improved in 2019 than in 2018 (1.19 vs. 1.27, a lower score indicates lower risk)



*Includes Kaiser. Results generated using the Johns Hopkins ACG® System Version 12 , All Rights Reserved*

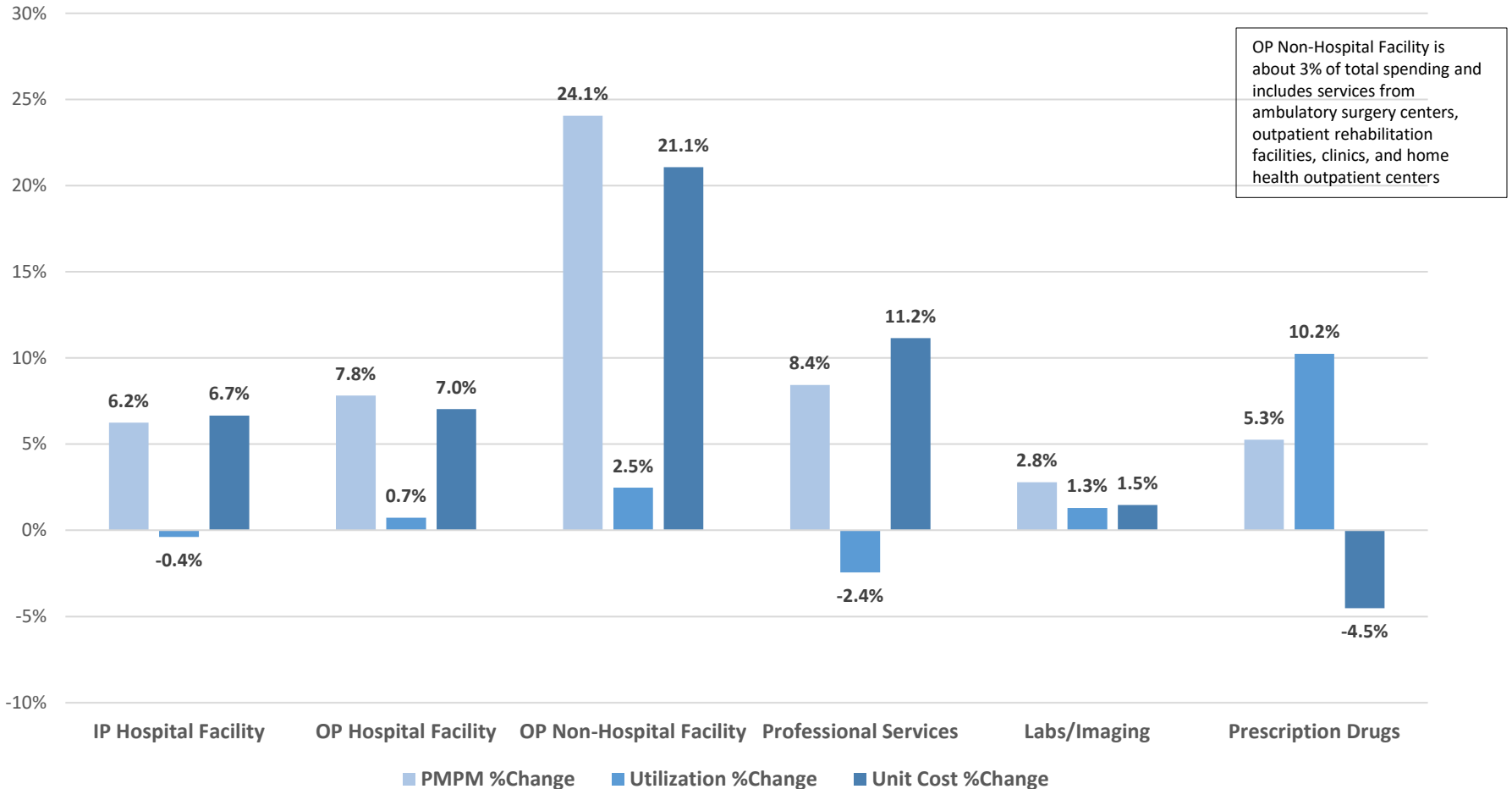
# Annual Spending Overall and by Service Category, Individual Market (ACA-Compliant and Non-Compliant Plans), 2016 to 2019

Per member spending for all services combined increased by about 7% in 2019, in comparison to the 16% increase from 2017 to 2018



**Excludes Kaiser**

# Annual Changes in Spending, Utilization, and Unit Cost By Service Category, Individual Market, 2018-2019

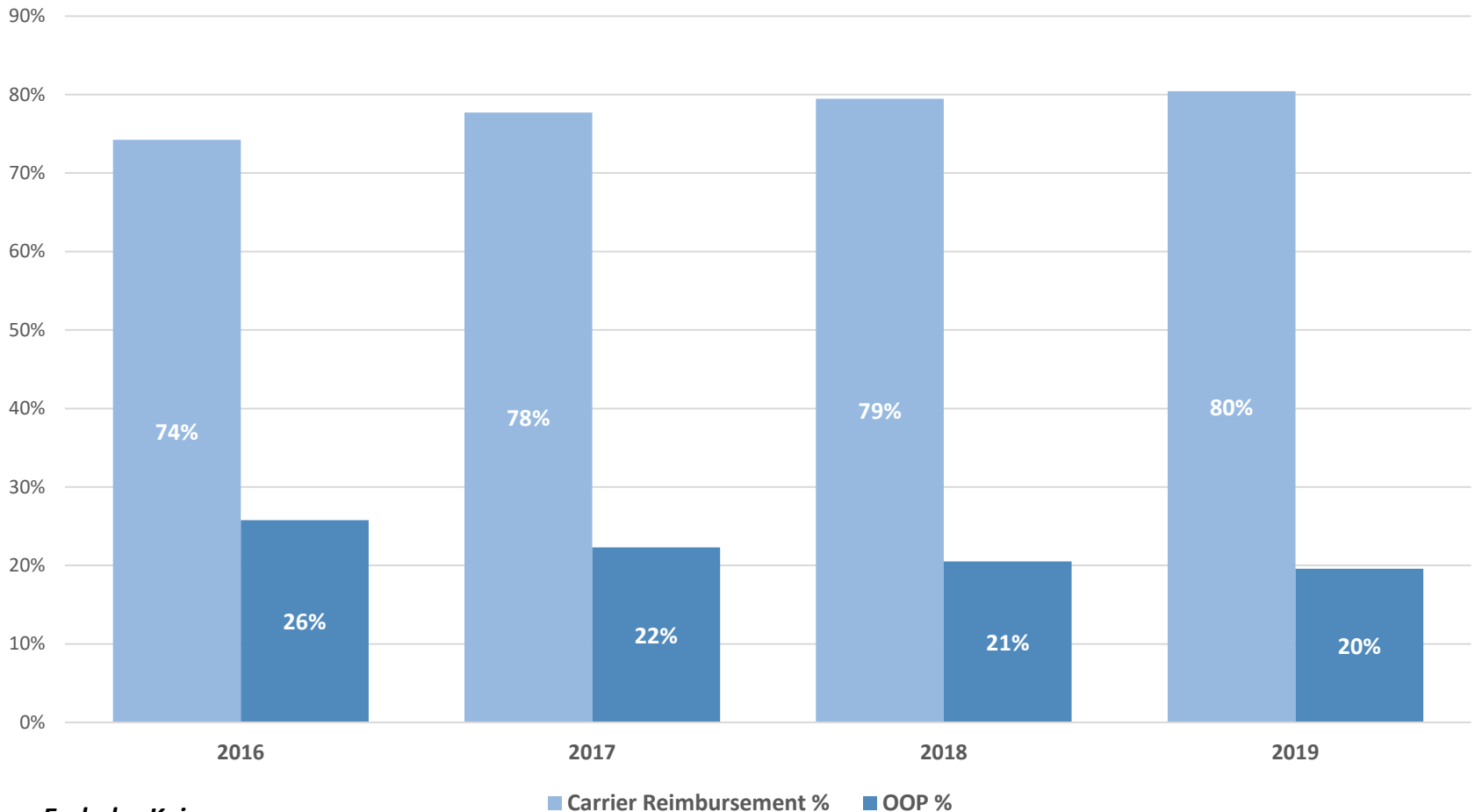


**Excludes Kaiser**



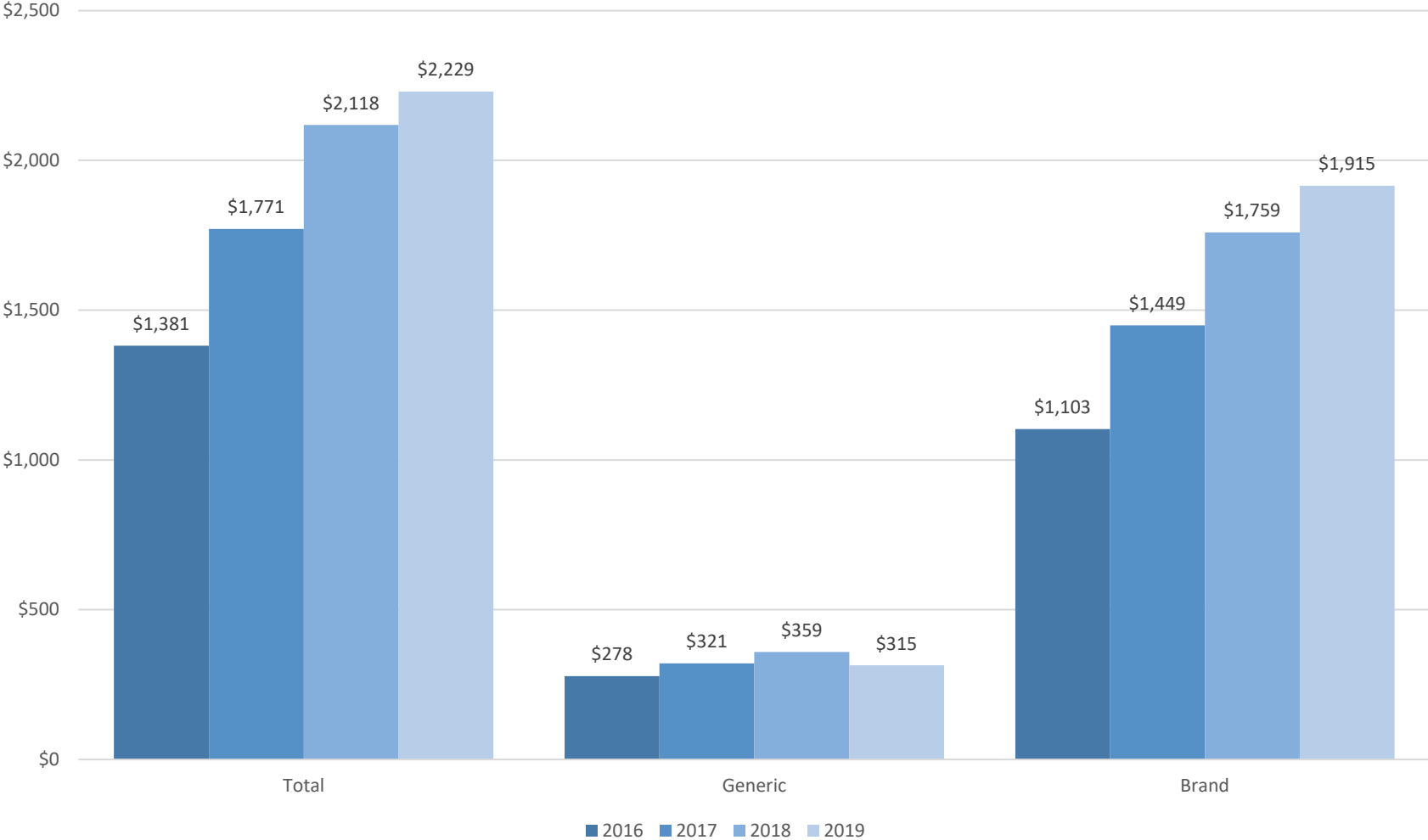
# Out-of-pocket Share vs. Carrier Reimbursement Share, 2016 to 2019

Member out of pocket share continued to decline in 2019.



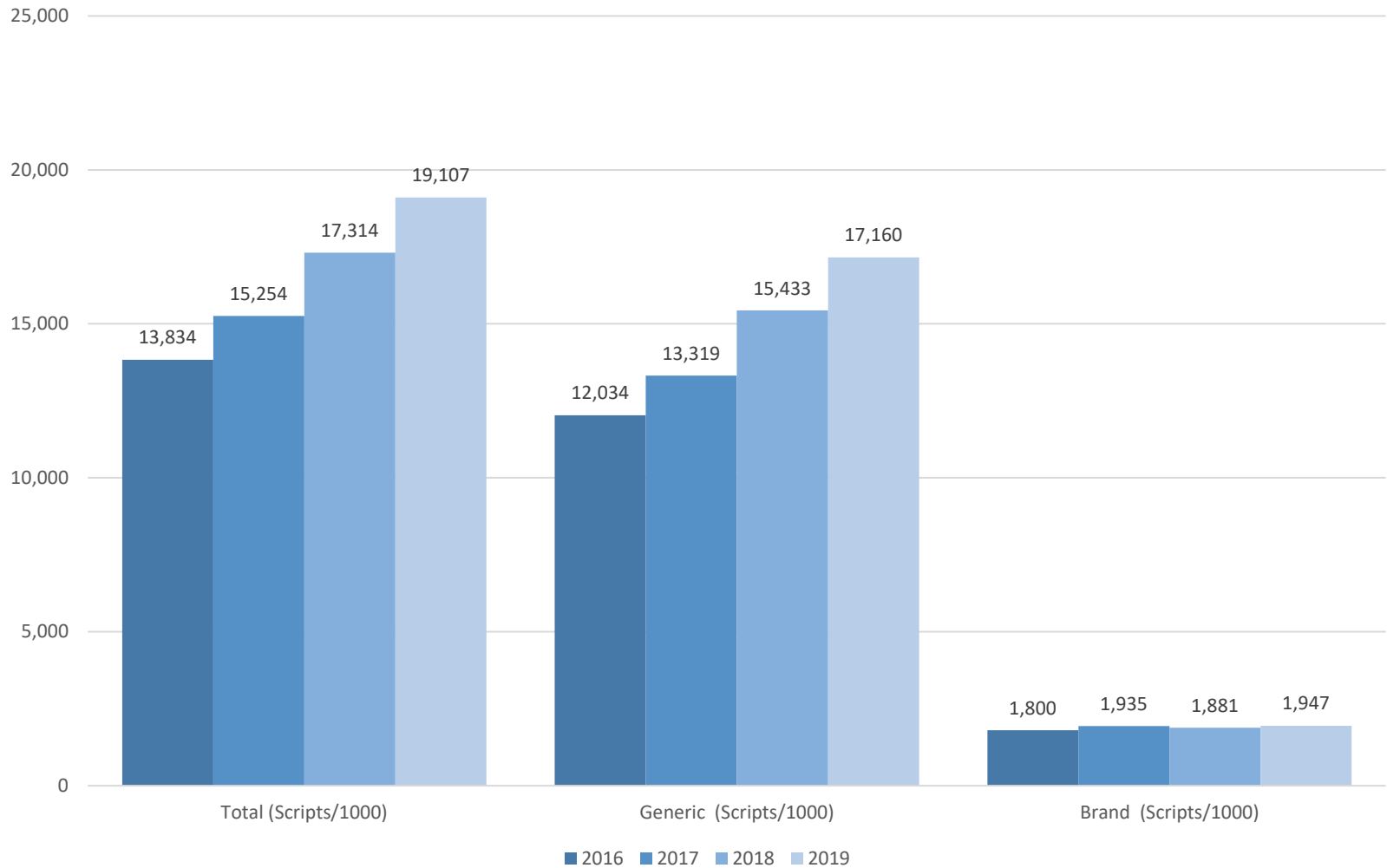
*Excludes Kaiser*

# Prescription Drug Annual Spend by Drug Type, Individual Market, 2016-2019



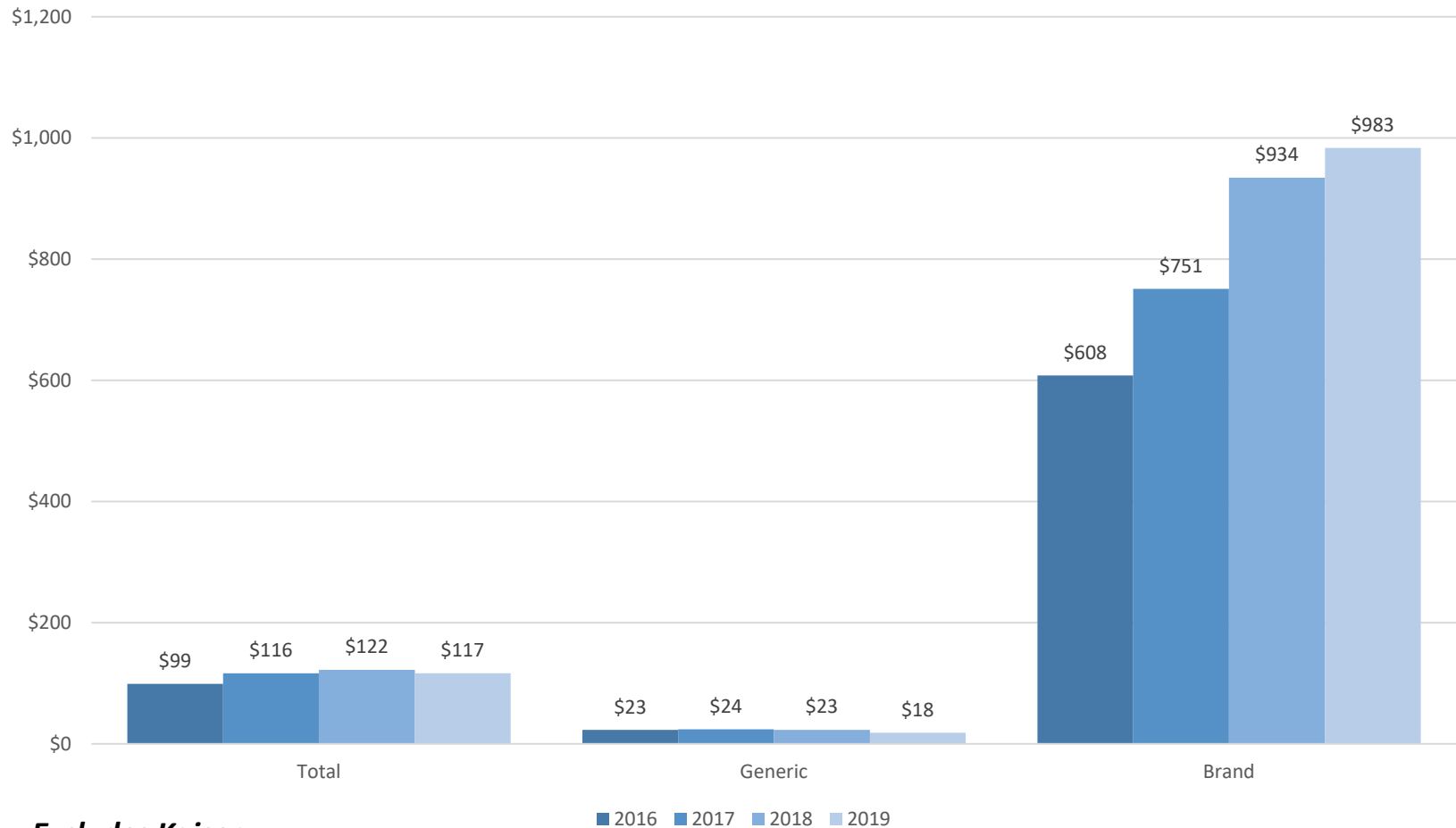
**Excludes Kaiser**

# Prescription Drug Utilization by Drug Type, Individual Market, 2016-2019



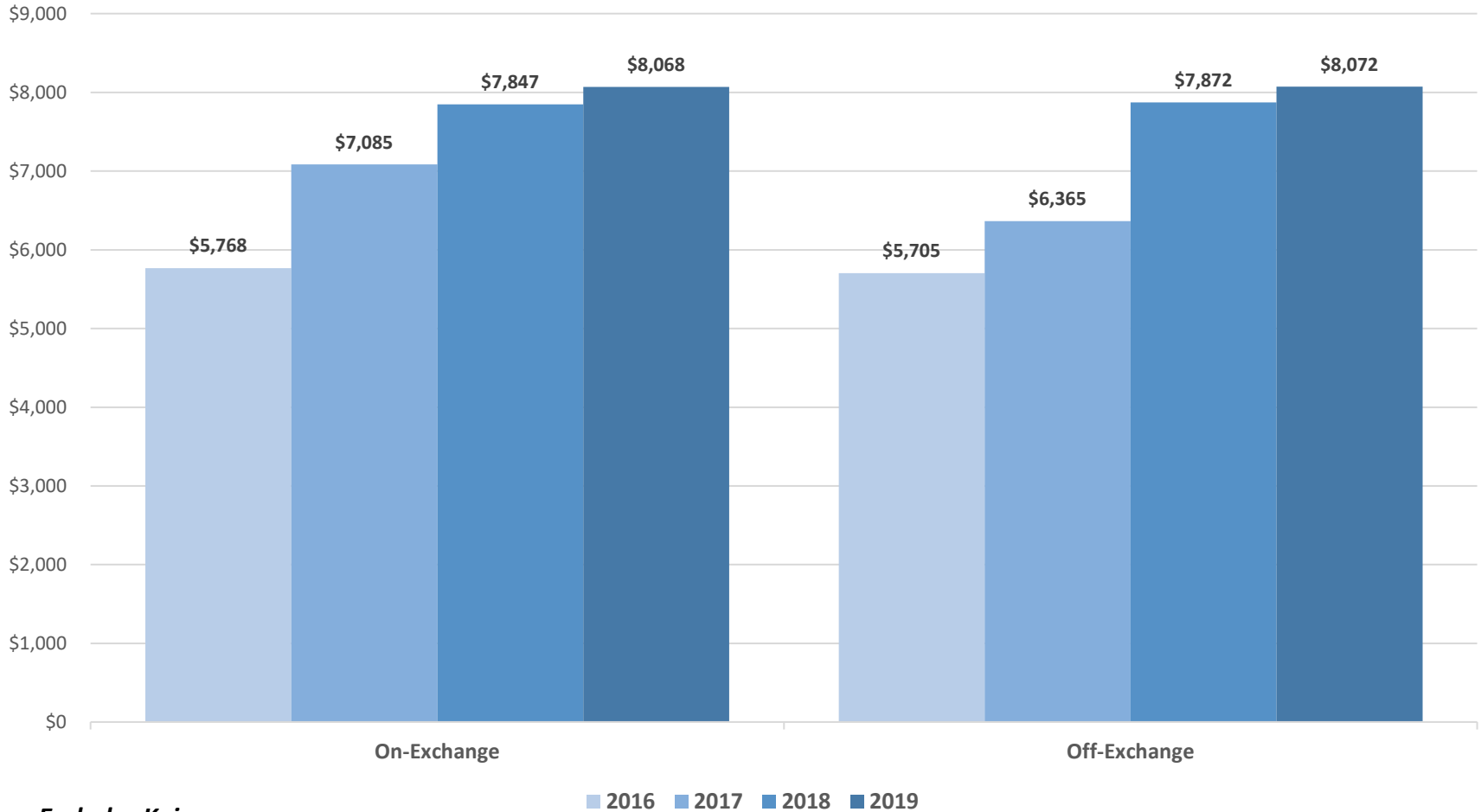
***Excludes Kaiser***

# Prescription Drug Unit Cost Per Script Generic vs Brand Individual Market (ACA-Compliant & Non-Compliant Plans) 2016 - 2019



**Excludes Kaiser**

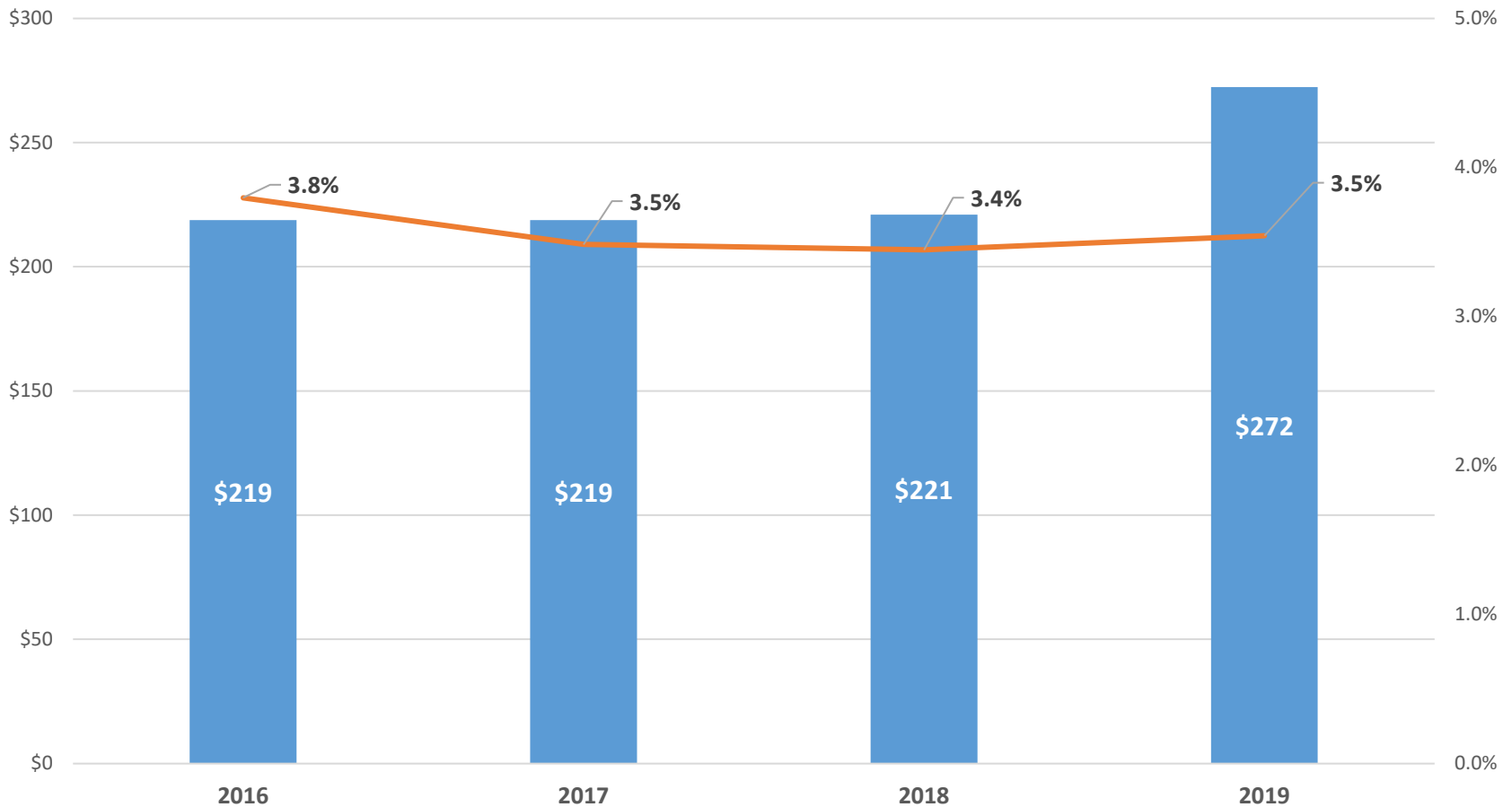
# On-Exchange vs. Off-Exchange PMPM Spending (All Services) Individual Market (ACA-Compliant Plans Only), 2016 to 2019



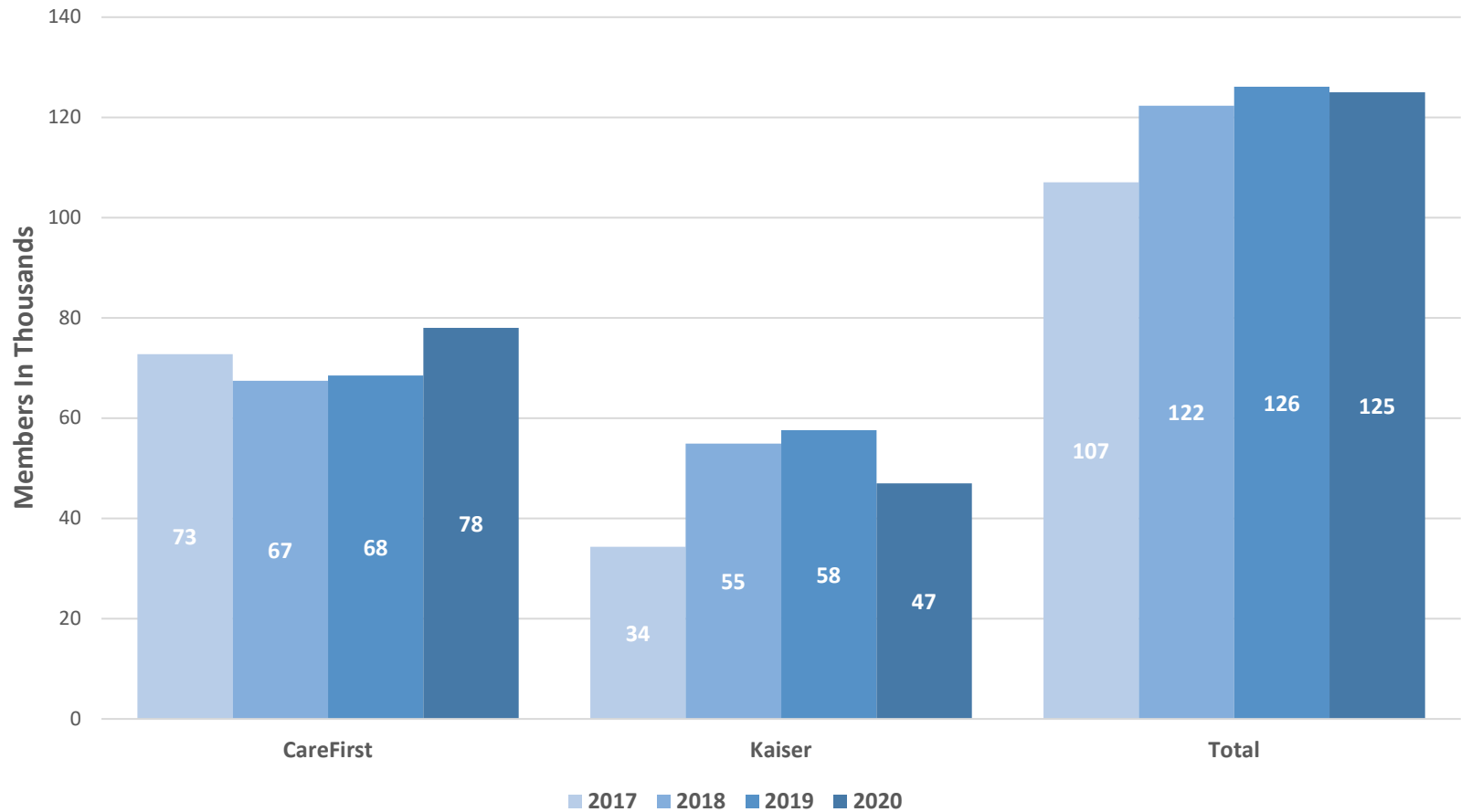
*Excludes Kaiser*

# Annual Primary Care Spending vs Total Medical and Outpatient Prescription Drug Spending, Individual Market, 2016-2019

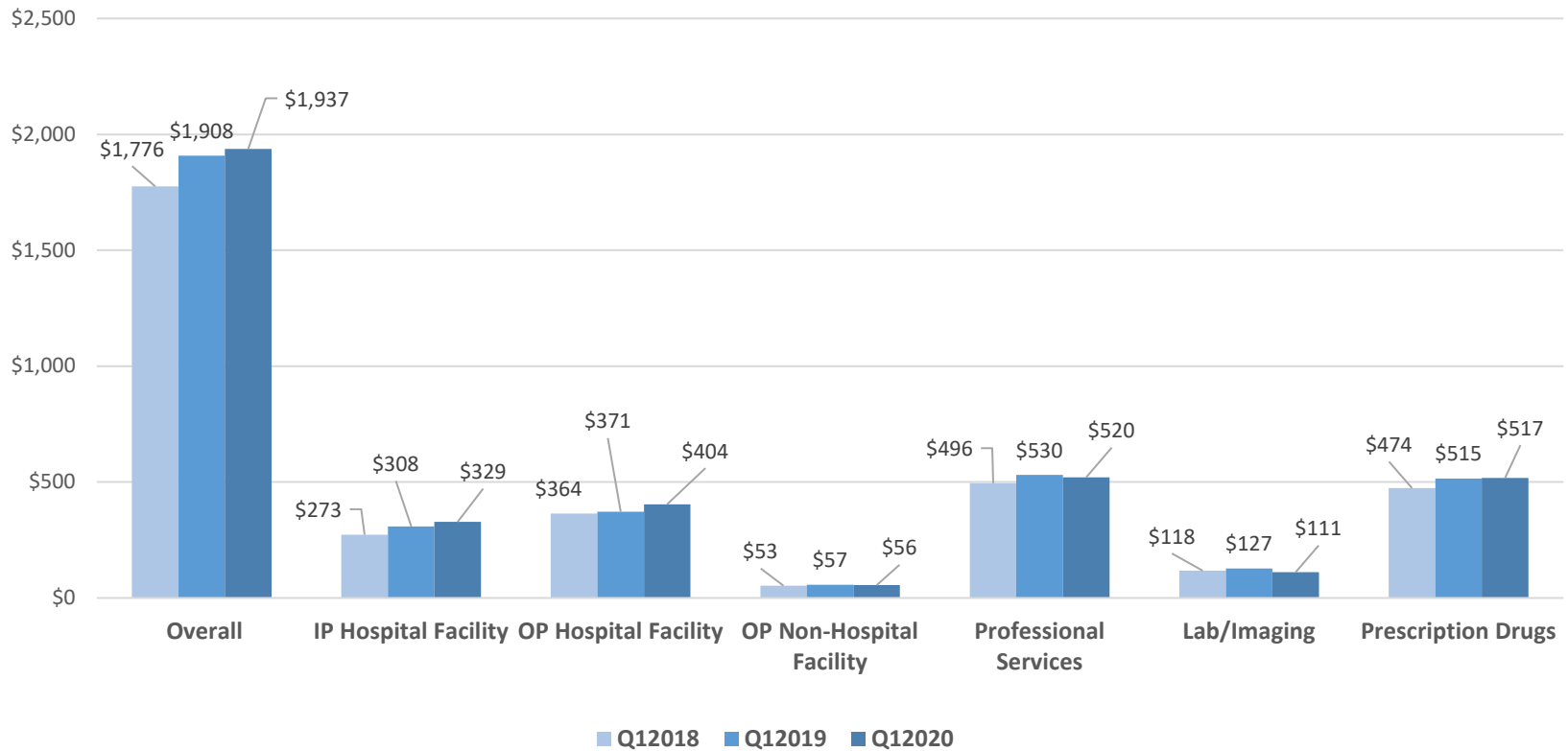
In 2019, Annual Primary care spending percentage was comparable to previous three years.



# On Exchange Individual Market Enrollment As Of 01/31 , 2017-2020



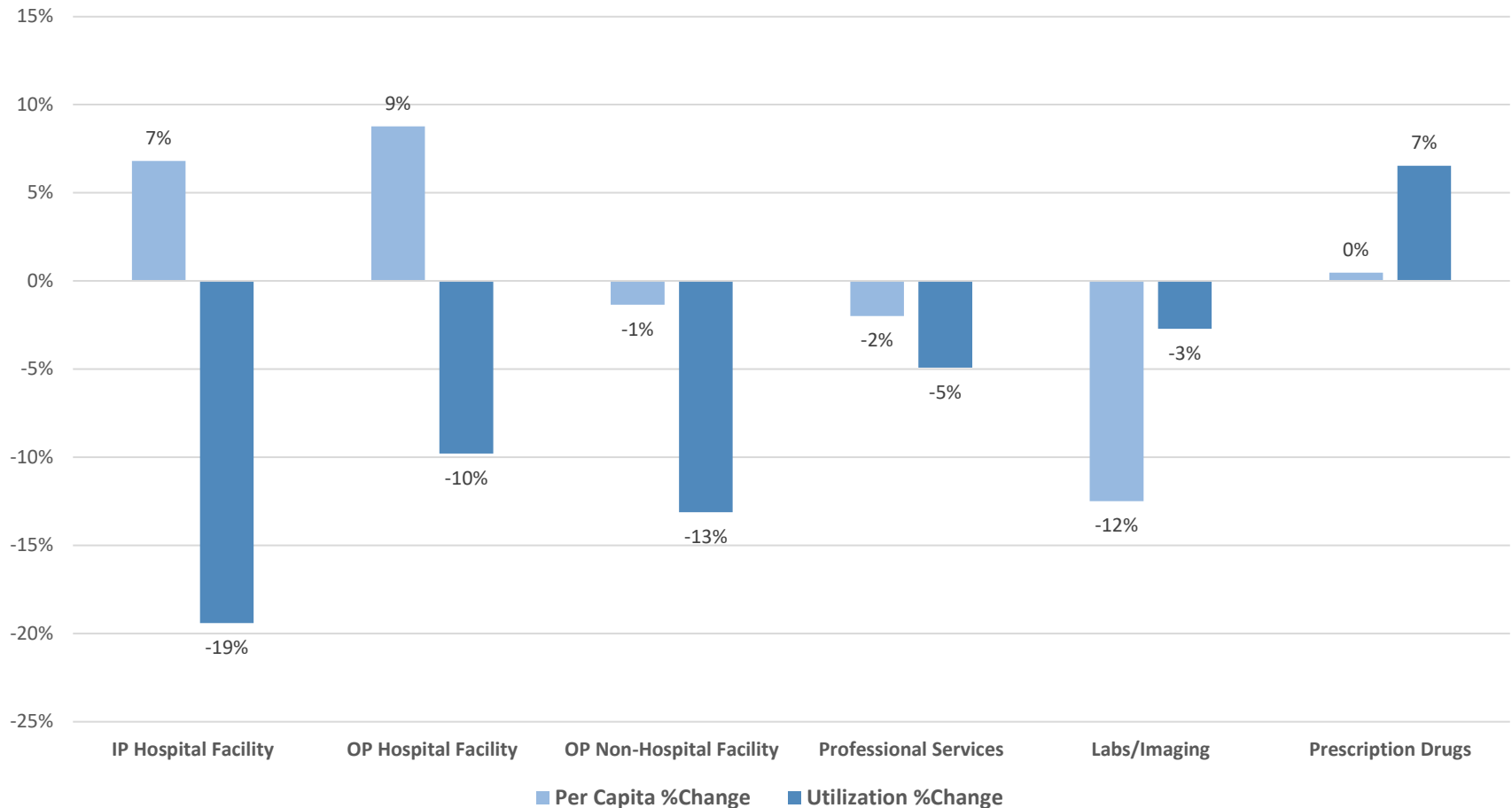
# Quarterly Spending Overall and by Service Category, Individual Market (ACA-Compliant and Non-Compliant Plans), 2018 to 2020



**Excludes Kaiser**



# First Quarter Spending Overall and by Service Category, Individual Market (ACA-Compliant and Non-Compliant Plans), 2019 to 2020



**Excludes Kaiser**



## Takeaway — Annual per member spending in 2019 increased by about 7% compared to 2018.



Number of Covered lives at end of 2019 stabilized in comparison to 2018 due to impact of Maryland reinsurance program enabled by ACA 1332 waiver.



Individual Market population illness burden improved from 2018 to 2019 ( 1.27 vs 1.19), suggesting improvement of health status among previously high-risk individuals and/or due to persistence of healthier individuals due to decrease in premium as a result of Maryland reinsurance program .



Annual spending in Individual market for all services, increased by 7% in 2019 compared to about 16% in 2018.



Annual spending for on-exchange members increased at a slower rate in 2019 (up 3%) compared to a year ago (up about 12% in 2018).



Annual primary care spending of 3.5% among individual market members in 2019 was comparable to 2018.



First quarter 2020 utilization declined in all service types except prescriptions drugs compared to first quarter of 2019