



New Hampshire Reinsurance Program

Actuarial Work Group Meeting

Update on Year 2 Reinsurance Parameter Development

02/09/2021

Parameter Development Methodology

- Data Collection and Aggregation
- Claim and Enrollment Projections
 - Trend Assumptions
 - Special Adjustments
 - Aggregate Claim and Enrollment Projection
- Funding Projections
 - State Funding Projection
 - Federal Funding Projection
- Estimated Reinsurance Percentage and Claim Parameters

Data Collection and Aggregation

	Member Months	Unadjusted Claim Dollars
2019	536,759	\$187.7 million
2020	563,437	\$174.4 million
Combined	1.0 million	\$362.1 million

Initial submission in December

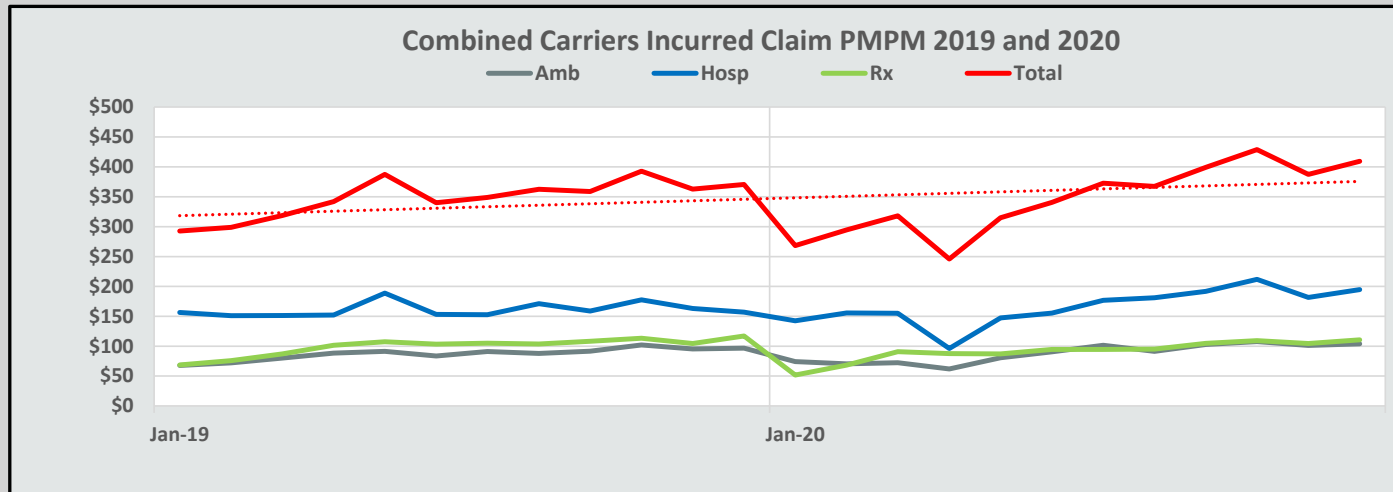
- 2019 and incomplete 2020
- Some initial issues of interpretation and comparability
- Issues resolved

Final submission in January

- Claim runout through December 31
- Very few issues with the final data
- Issues resolved

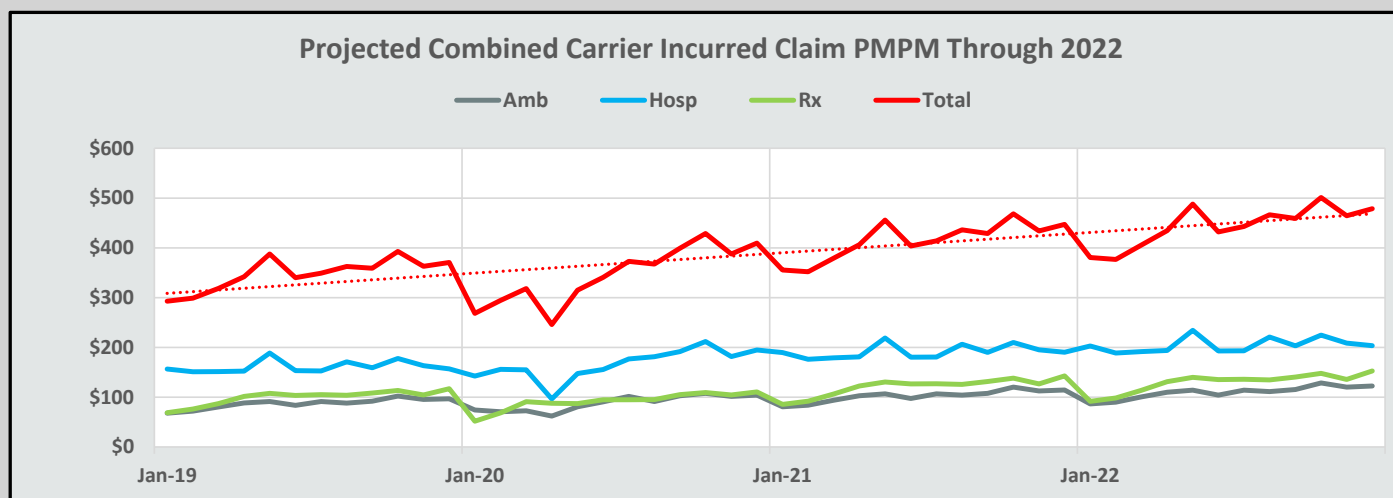
Claim Adjustments

- Completion Factors
 - Developed lag charts for each carrier for ambulatory, hospital, and pharmacy claims, then combined them
- July 2021 Claim Cutoff
 - Used 2019 claim runout to model impact of 2020 claim cutoff at 7/31/21
 - Impact averaged -0.4% for ambulatory, -1.6% for hospital, 0% for pharmacy



Claim Projections

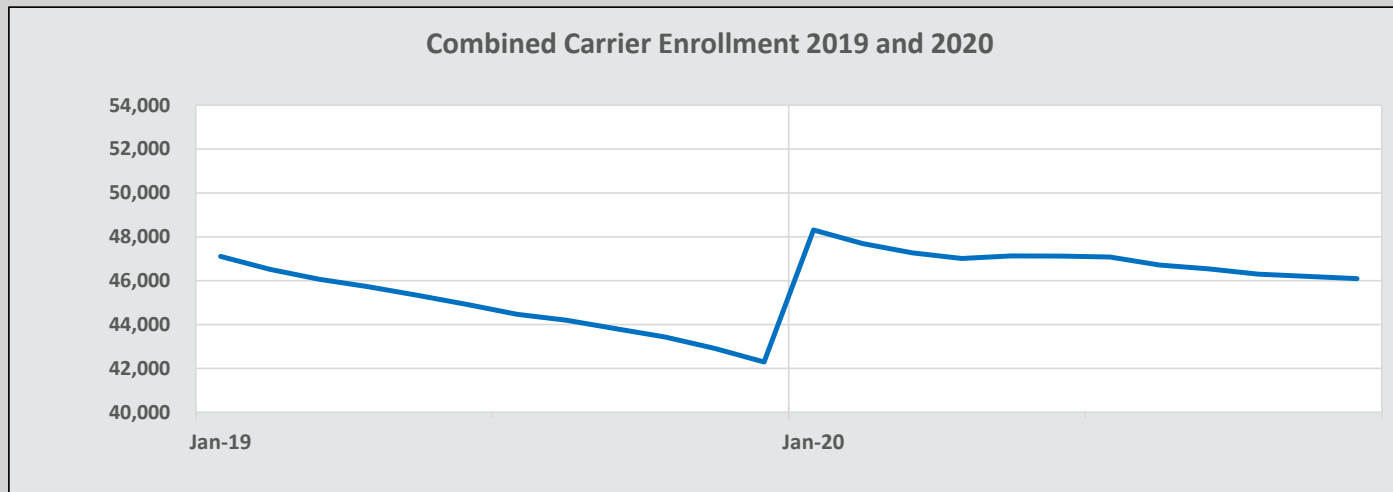
- Observed PMPM Trends
 - 4Q 20 vs 4Q 19: 8.8%; 2H 20 vs 2H 19: 7.7%
- Trend Assumptions for 2021 and 2022
 - Adjusted for COVID by trending from 2019 to 2021 with annual 7% trend; also used 7% from 2021 to 2022



Enrollment

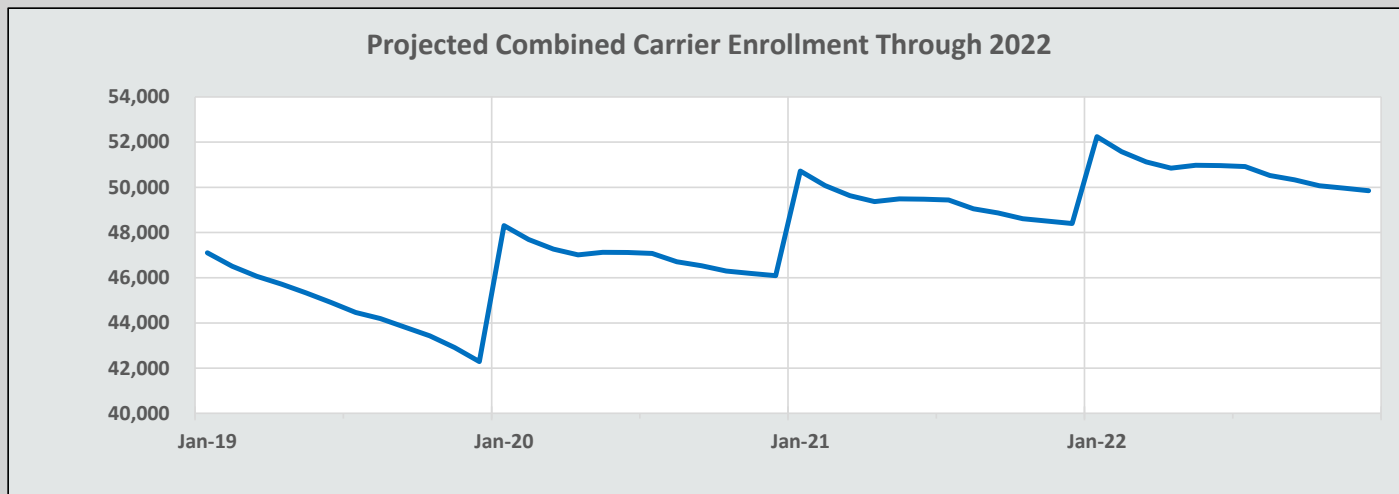
- Observed Trends

- Downward trend through the year 2019: 47k down to 42k; 10% drop
- January 2020 vs January 2021: 2.5% growth
- Enrollment bump in mid-2020: assume COVID and unemployment related
- Downward trend through the year 2020: 48k down to 46k; 5% drop
- Member months 2020 vs 2019 = +5%



Projected Enrollment

- Assumptions
 - 2021 will have higher growth due to premium reductions, COVID, and expanded open enrollment from 2/15 through 5/15; assumed 5%
 - 2022 will return to more normal growth pattern of 3% over 2021



Projected 2021 and 2022 Claims and Enrollment

	Member Months	Incurred Claim Dollars	Incurred Claims PMPM
2019	536,759	\$186.5 million	\$347.39
2020	563,437	\$194.4 million	\$345.13
2021	591,609	\$245.4 million	\$414.79
2022	609,357	\$270.4 million	\$444.83

Continuance Table Development

- A continuance table was developed from the 2020 claims, separately by carrier and combined.
- The table was projected to 2022 using factors to increase the total claims and member months to projected amounts
- The projected continuance table shows that if in 2022 and current reinsurance formula (74% of claims between \$60k and \$400k) was used, the ceded claims would total \$43.9 million
- Other reinsurance formulas have not been tested, pending completion of federal funding estimates

Funding Estimates – State Funding

	Projected 2021	Projected 2022	Change
Second Lowest Silver	\$404.60	\$370.50	-8.4%
60 basis points	0.006	0.006	0.0%
Assessment	\$2.43	\$2.223	-8.5%
Assessed life estimate	490,000	490,000	0.0%
Gross assessment	\$14,288,400	\$13,071,240	-8.5%
Less contingency	(\$200,000)	(\$260,000)	30.0%
Less expenses	(\$500,000)	(\$400,000)	-20.0%
State funding	\$13,588,400	\$12,411,240	-8.7%

Funding Estimates – Federal Funding

- Application projections were \$32.9 million for PY 2021 and \$34.5 million for PY 2022
- CMS has not provided State estimates (to any state)
- Treasury has cautioned NH that PY 2021 federal share estimate is overstated and urged consideration for PY 2022
 - No APTC for individuals with low premiums
 - Overstated number of individuals eligible for APTC
 - Overstated federal savings – 100% payers include low premiums and high income
- Overstated APTC/PTC reconciliation factor

Funding Estimates – Federal Funding

Wish List of Carrier Data

- A 2020 enrollment file that includes the following if available for each covered individual:
 - FPL level
 - Premium
 - Gross
 - Net of APTC
 - APTC
 - HIOS Plan ID with variant
 - On or off Exchange
 - Smoker/non-smoker
 - Rating age
- The same for 2021 if available

CMS/CCIO Data on 'Pricing Out' APTC Eligibles

\$0 APTC receipt by income and age for a single individual in NH in 2021 (based on with- and without-waiver premiums by age)

Income level	(1) Approx. Expected monthly contribution towards premiums in 2021	(2) Ages eligible for \$0 of APTC without reinsurance in 2021	(3) Ages eligible for \$0 of APTC with reinsurance in 2021
225%	\$178	None	None
250%	\$221	None	0 through 17 years
275%	\$266	Through 18 years	Through 27 years
300%	\$314	Through 27 years	Through 38 years
325%	\$340	Through 31 years	Through 43 years
350%	\$366	Through 39 years	Through 45 years
375%	\$392	Through 42 years	Through 47 years

Estimated Timeline for 2022 Rate Filings

Received Alert of 2021 Federal Funding Overestimate-	2/2
Received Info on APTC “Pricing Out” Impact-	2/4
Actuarial Workgroup Discussion-	2/9
Follow-up Discussion with CMS/CCIO-	Week of 2/15
Prepare Initial Estimate of 2022 Reinsurance Parameters-	3/12
Discussion with Actuarial Workgroup-	Week of 3/15
Recommend 2022 Parameters to NHID & NHHP for Approval-	3/25
Issue Approved 2022 Parameters to Carriers-	3/31
Receive Final 2021 Federal Funding Amount-	4/24
Carriers submit Initial 2022 Rate Filings-	5/8
Confirm/Revise Final 2022 Reinsurance Parameters-	5/25
Carriers submit Final Revised Filings (if needed)-	8/1