

NH REINSURANCE PROGRAM
SUMMARY OF PAYMENT DETERMINATION METHODOLOGY
February 2022

1. NHHP will pay out a fixed amount of money among the 3 participating Issuers for eligible claims – “the Pool.”
2. This Pool will be derived from:
 - a. Federal Funding amount-determined by CMS/US Treasury based on Pass Through Funding savings calculations and the American Rescue Plan Act; and
 - b. State Funding derived from Issuer Assessments less cost of Program Administration.
3. Each Issuer will receive a portion of the Pool based on its respective portion of **Aggregate Paid Claims** for Eligible Claimants falling between the Attachment Point and the Maximum Cap within the Reinsurance Year.
4. Each Issuer will make a final annual submission for payment using the Supplemental Covered Claims Submission Form (the “Covered Claims Summary”). This submission will show totals based on paid claims through June 30.
5. NHHP will use these submitted forms to calculate the Reinsurance Program Pool apportionment among the Issuers. This is to be expressed as a percentage of the Pool for each Issuer.
6. NHHP will compare this apportionment to the apportionment using the same calculation methodology based on the final EDGE Report received – May 3, 2022.
7. If the respective Apportionment calculated from the Covered Claims Submission Form (#5 above) is within 97.5% of the Apportionment calculated using the Final EDGE Report (#6 above) then NHHP will pay out to the Issuers the respective Pool Percentage calculated from the Covered Claims Submission Form.
8. If the respective Apportionment calculated from the Covered Claims Submission Form (#5 above) is **NOT** within 97.5% of the Apportionment

calculated using the Final EDGE Report (#6 above) then NHHP will request additional claims detail submission before making a final payout determination. Leif Associates will review the additional claims details to determine the validity of accepting the difference between the Covered Claims Submission and the Final Edge Report Calculation. To the extent Leif determines that some of the data submitted on the Covered Claims Submission Form should be excluded from the calculation, NHHP will make a final payout determination based on the Leif revisions to the submitted Covered Claims Submission data. If Leif validates the Covered Claim Form Submission data, then NHHP will make the final payout using the calculation determined in #5.

9. As part of the Covered Claim Form Submission data, NHHP will request that the Issuers report the following information separately on distinct lines:
 - a. Claim amounts paid in the Reinsurance year (2021) contained in the final EDGE report (May 3, 2022) for Eligible Claimants;
 - b. Claim amounts paid in the Reinsurance year (2021) through June 30, 2022 and not included in the final EDGE report (May 3, 2022) for Eligible Claimants.

Example Scenario 1:

<u>Issuer</u>	<u>A.P. – Cap EDGE Claims</u>	<u>Issuer % w/EDGE</u>	<u>A.P.– Cap from Covered Claims</u>	<u>Issuer % w/CC form</u>	<u>Change</u>
1	\$21,000,000	35.0%	\$21,800,000	34.2%	–0.8%
2	\$20,000,000	33.3%	\$21,400,000	33.6%	+0.3%
3	<u>\$19,000,000</u>	<u>31.7%</u>	<u>\$20,500,000</u>	<u>32.2%</u>	<u>+0.5%</u>
Total	\$60,000,000	100%	\$63,700,000	100%	1.3%

No change >2.5%- Issuer payout is Supp %

Example Scenario 2:

1	\$21,000,000	35.0%	\$21,400,000	33.6%	–1.4%
2	\$20,000,000	33.3%	\$22,900,000	35.9%	+2.6%
3	<u>\$19,000,000</u>	<u>31.7%</u>	<u>\$19,400,000</u>	<u>30.5%</u>	<u>+0.5%</u>
Total	\$60,000,000	100%	\$63,700,000	100%	4.0%

Issuer 2 varied by > 2.5%; more investigation needed before determination