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Degnan, Mike

Well, good morning. I'm Mike Dagnan and welcome to the 2022 Post Award Forum. This is the Section 1332 State Innovation and State Relief and Empowerment Waiver annual forum. And today we're going to talk about the New Hampshire Reinsurance Program.

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Degnan, Mike

Next slide please.

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Degnan, Mike

So let me just talk about the agenda for today. What we'll do is, slides 2 through 5 will be about the forum and logistics. Then we'll do some introductions and background.

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Degnan, Mike

Then talk about program year 2022 updates, and talk about the program year 2023 planning.

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Degnan, Mike

Do some discussion of other updates and next steps, do questions and comments, and then we'll give you a list of key contacts so that you know if you have any questions you can talk to them.

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Degnan, Mike

NHHP is holding the annual public forum to share information about the progress of our Section 1332 Waiver and the reinsurance program to receive public questions and comments. We are recording this forum and that, as well as the PowerPoint, will be posted on our website and the Insurance Department website following the event.

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Degnan, Mike

I'm just going to give you a few of the house rules, please. If you can keep your audio on mute, we'd appreciate it. Keep your camera turned off. To ask a question, raise your hand or to enter it into chat.

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Degnan, Mike

Live captions are available. To enable that, click on the menu labeled move under the three dots and turn on live captions. Listen if you have any technical issues, you can call Claudia at 407-620-3593 and she's there on the phone because I've already called her once today.

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Degnan, Mike

So let's go to the next once again. It's the Reinsurance Program we're going to be talking about and which is a joint effort between the New Hampshire Insurance Department and New Hampshire Health Plan. I'm the Executive Director of the New Hampshire Health Plan. We are a statutorily-created

nonprofit organization that ran the New Hampshire high-risk pool. We ran the federal high-risk pool as well as the ACA outreach and education program.

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Degnan, Mike

NHHP is administrating the Reinsurance Program. NHHP is not a policy setting organization. Its role is to administer the program designed by the Insurance Department and approved by the legislature. I'm going to introduce Commissioner Nicolopoulos from the New Hampshire Insurance Department. The NHID continues to advise us on the program design, implementation and operation and we have a valued relationship with them. So let me turn it over to Commission Nicolopoulos and then he can say a few words and introduced us to a few other folks. Commissioner.

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Nicolopoulos, Christopher

I thank you, Michael.

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Nicolopoulos, Christopher

Oh, good morning everyone. I'm joined today by a number of folks from the Department.

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Nicolopoulos, Christopher

We've got Jason Dexter, who's our Life and Health Director, David Sky. Our Life and Health Actuary.

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Nicolopoulos, Christopher

Jason, Aziz who's on our team. Andrew Demers, and Tiffany Fuller as well. I want to thank them all for their help in getting us ready for today.

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Nicolopoulos, Christopher

I think my next order of business is to introduce Jason Dexter and his presentation. Jason, you're up.

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Dexter, Jason

Thank you, Commissioner. I appreciate it.

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Dexter, Jason

For those of you don't know me, I've been with the Department about three years working with the forms examination team. I'm excited to move into the director role and get up to speed.

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Dexter, Jason

I'm very impressed with the New Hampshire Health Plan team and how they have administered the important 1332 program and I look forward to the rest of their presentation.

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Dexter, Jason

Thank you.

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Degnan, Mike

Thank you, Jason, and thank you, Commissioner. We appreciate it once again. The key contacts for people, if you want to reach out to us after this. Once again, I'm Mike Degnan. I'm the Executive Director of the New Hampshire Health Plan. With me today is Kevin Stone, who is the Program Director, Commissioner Nicolopoulos, and you can see his contact information along with Jason Dexter and Dave Sky and Lisa Cota-Robles, all from the Department. And Lisa Kaplan Howe is with the Public Consulting Group who's assisting us in the administration of this program.

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Degnan, Mike

So, once again, I echo Jason's comments. We've worked very closely with Department on this and appreciate all the cooperation we've gotten. At this point, let me turn it over to Kevin Stone, who's the Program Director and he'll get into some of the details of the program and we can go in there.

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Stone, Kevin

Thanks Mike, welcome everyone. Just a quick background on the history of where the program came from.

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Stone, Kevin

In 2019, the legislation passed, directing the insurance department and New Hampshire Health Plan to work together creating a risk stabilization program for the individual market. An actuarial assessment was conducted and subsequently the Department was directed to apply for a Section 1332 Waiver.

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Stone, Kevin

New Hampshire Health Plan amended its Plan of Operations to include a Section 1332 Reinsurance Program. The waiver was submitted in April of 2020. It was approved in August of that year and the program went into effect January 1, 2021. So calendar year 2021 was what we consider to be our first program year. Next slide please.

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Stone, Kevin

The program design it's a five-year waiver program designed to address each year distinctly.

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Stone, Kevin

It's a reinsurance program that has an attachment point model. It reimburses for high-cost claims that fall within specific parameters. There's an attachment point above which claims become eligible for reinsurance payments up to a cap amount, again above which no more reinsurance recovery would be received. And the reinsurance payment is made on a coinsurance basis, meaning is a percentage of the

claim value basis. And the New Hampshire Reinsurance Program is designed to pay out all of the funds that we take in every year after administrative costs and any board reserve. So, the coinsurance percentage is actually calculated at the end of the year. We set a target and it's at the end of the year when we know all of the eligible claims and all of the claims filed. Next slide please.

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Stone, Kevin

So we successfully launched the program in in 2021. We had three carriers that were eligible to receive the reinsurance payments. Those same three carriers are again participating in 2022. We're halfway through nearly our second program year. Those three carriers are Anthem New Hampshire, Harvard Pilgrim Healthcare and Centene, who does business in New Hampshire as Ambetter. Next slide, please.

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Stone, Kevin

So, for this program, there's really two sources of program funds that generate the pool to then make the reinsurance payments to the eligible carriers for their eligible claims. One source, the biggest source, is federal funding and the federal funding comes from premium tax credit savings on eligible persons that are derived from the lower premiums. Because of the Reinsurance Program in 2021, we also benefited from the American Rescue Plan Act, which pretty significantly increased the federal funding that we received that year. So in 2021, we received \$31.5 million of federal funding.

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Stone, Kevin

There's also a state funding component. This is an assessment that's done per member per month on health insurance as well as stop loss. It's written on New Hampshire lives. This assessment is a rate that's set formulaically based on 60 basis points applied to the prior year Second Lowest Cost Silver Plan age 40, non-tobacco user before the impact of the waiver program on premium.

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Stone, Kevin

And in 2021, that funding was \$13.5 million. So, in aggregate, we have an insurance pool for reimbursement of reinsurance pool of \$45 million.

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Stone, Kevin

In 2022, same approach to the funding. The federal funding went down some again. Some of the impact of the American Rescue Plan Act was planned to not apply in 2022, so the federal funding was reduced to \$26.5 million. The assessment rate came down on the carriers. So the state funding also was last at \$12.4 million. So, for year two, we have a reinsurance pool of \$38.9 million. And if you look at the two years combined, we'll have had \$84 million of reinsurance program funds. \$58 million from the federal government and 26 million from the state. Next slide, please.

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Stone, Kevin

The 2022 parameters were set. They're quite similar to the parameters that we had in 2021. We used the same attachment point for an eligible claim, so starting at \$60,000, the same cap up to \$400,000 of

paid expense per payment and the target coinsurance percentage is 70%. In 2021, it was slightly higher. I mean, again, that's going to shift a little bit based on final claims that are received.

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Stone, Kevin

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Stone, Kevin

So one of the things that we look at in estimating the impact of the program, there's really kind of three areas that we want to see and impact. First is, did it have an impact on lowering premiums, and the waiver resulted in a 14% decrease of the Second Lowest Cost Silver Plan in 2022. And if you look sort of across the panoply of plan types and metal levels that are offered on the exchange or in the individual market, we had an in premium impact as high as a 19.2% decrease. So, we feel like yes, it did have an impact on lowering premiums. Did enrollment increase?

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Stone, Kevin

We do not have the ability to ascribe enrollment change specifically to the reinsurance program, but what we do know is that the enrollment in the individual market has increased as of May 2022, the enrollment was 50,186 individuals and that's an increase of 10.8% over the enrollment at the same time in May 2021. So, while we don't know how much of that's attributable to the Reinsurance Program, we do know that enrollment has gone up since the inception of the reinsurance program. And, lastly is the program providing enhanced stability for the carriers that write insurance in the individual market? And again, we have the same three carriers continuing in the program in the second year. So, we feel that that is a sign of stability. Next slide please.

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Stone, Kevin

So one of the things that we've created at the very onset of the program was an Actuarial Workgroup, which is comprised of the senior actuary from each of the three participating carriers. And this group has been instrumental at working with management at NHHP, members of the New Hampshire Insurance Department, as well as when we have questions from the federal government that we need to answer, and they provide sort of an advisory role to us. And, they were instrumental both in planning program year 2 and we used them again in program year 3.

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Stone, Kevin

And so, we actually work almost a year ahead. So, we had to set the 2023 parameters early in 2022. And so, we used that actual work group as work in 2022 to develop those parameters. Next slide please.

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Stone, Kevin

So the way the kind of the process works, the work group met in December with the independent actuary that New Hampshire Health plan engages, Leif Associates.

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Stone, Kevin

They provide data for the actuary to analyze. There were three distinct meetings and then out of that the actuary develops the recommended parameters. Those are presented to the NHP Board. That was done on March 16th. The Board then adopted those recommendations and submitted them to the Insurance Commissioner at the end of March, and the Commissioner approved those parameters on March 31st of this year.

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Stone, Kevin

Next slide please.

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Stone, Kevin

So what are the parameters? They're not terribly different from the prior two years, but what is a little bit different is the target reinsurance percentage. So, we have to project our funding. Neither the federal nor the state funding that you see on this slide is set finally yet, but this is our sort of our best estimate as to how much it will be. We're projecting federal funding at 23.8 million and state funding at 12.1 million for a total of \$35.9 million. The parameters again same attachment point for eligible claims saying cap for an eligible claims. But because we have a smaller funding pool and the cost of claims keeps going up with inflation and as we come out of COVID and as healthcare consumption resumes more normal patterns, the ability of that fund than to pay the percentage of eligible claims goes down. And so, we are targeting a reimbursement percentage in 2023 of 58%.

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Stone, Kevin

Next slide please.

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Stone, Kevin

There are a few other things that we've done every year. We ask the eligible carriers to submit care management program descriptions to demonstrate that they're continuing to help identify and manage the cost of care potentially on these high-cost claimants and those are received by Mike, our Executive Director and then submitted to the Insurance Department. And we also in 2021 began participating in a CMS program called Edge Server reports, and that's where each month, beginning in the fall, we receive a summary of the claims that have been submitted in individual market and identifying those that are achieving the eligible attachment point to cap level, and we worked with the Actuarial Workgroup members to make sure that we were interpreting these Edge Server reports consistently with how the carrier submit the data and how they also interpret those reports. We actually received the final Edge Server report in May of this year, and we will use that report to make an initial payment.

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Stone, Kevin

The initial payment is going to be paid out at 80% of the available funds and that payment actually is scheduled to go out tomorrow to each of the three carriers, and then the carriers will then submit further claims, run out and will make a final payment. Next slide please.

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Stone, Kevin

So that payment will be made again. It's scheduled to be made before July 1. We're going to make it tomorrow, assuming everything goes well with all the funds transfers, we're counting on it. And then, so, the carriers will be submitting a covered claim summary. That's essentially tells us how many claims have they continued to process for the program. The ones that fall within the eligible claim definition attachment point to cap, that wasn't captured on the final Edge Server report. And, we'll be receiving those from each of the three carriers sometime in July or early August. We'll use that to make a final determination of payment and then that final determination will be applied to the remaining 20% of the pool and that will be the final payment that the eligible carriers will receive on or before October 1 of 2022.

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Stone, Kevin

Next slide please.

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Stone, Kevin

So I think that kind of summarizes the program and I think I'll now turn it over to Lisa, our moderator, to see if anyone has any questions, comments or would like further information on what we've presented.  
Lisa.

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Kaplan Howe, Lisa

Great. Thank you, Kevin. So, at this point, we are going to open the forum to public questions and comments about the Reinsurance Program and waiver. Again, there are two ways to ask or submit a question or comment. You can either raise your hand using that hand icon and we will call on you and unmute you in order. Or, if you prefer, you may type a question into the comment box. You can open the comment box by pressing the icon circled in purple and then we will read any of the questions or comments that come in through the comment box and respond to those as well.

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Kaplan Howe, Lisa

We will respond to all questions that come in and also document those for the record. So, Claudia and Margot, do we have anything either in the chat or any hands raised at this point?

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Thistle, Margot

We do not.

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Kaplan Howe, Lisa

OK.

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Kaplan Howe, Lisa

So we'll give folks a couple of minutes to let us know if you have any questions or comments and I

should say that you also have an opportunity after the hearing. As Mike said, we'll be posting both the PowerPoint and the recording and you can submit comments either by mailing or emailing them to Mike and we'll have the contact information up again at the end of the forum and those will be taken into consideration, responded to as well.

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Kaplan Howe, Lisa

I don't see anything coming in Margot or Claudia. Have. Have you seen anything come in?

0:19:40.380 --> 0:19:40.670

Thistle, Margot

No.

0:19:41.380 --> 0:19:51.840

Thistle, Margot

I think we're good. Oh, Deb Fornier asked. Is it feasible to give a rough estimate of how many lives had attachment point claims that were eligible?

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Stone, Kevin

Ah yes, the Edge Server report does identify the number of claimants that fall within the eligible claims level by carrier. So, we do, we could provide that number. It's a quite small number relative to the enrollment.

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Stone, Kevin

So, I mean it's probably under 5% typical of health insurance, right? It's the, it's the tail of the bell curve. So it's a few, a few high cost claimants that are tripping the corridor for reinsurance, Yep.

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Stone, Kevin

Thank you, Deb.

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Degnan, Mike

Want to jump to the next slide?

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Degnan, Mike

Once again, this is the key contacts for the for the program. I've read those before, but before we wrap this up, I want to say that we're losing a valuable member of our team, Dave Sky, from the insurance Department is retiring at the end of the month. He's been an integral part of this program since day one and has been a Board member from New Hampshire Health Plan for probably two decades. So, we want to wish Dave the best and say we're going to miss him and we really enjoyed working with him. Thank you, David.

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Degnan, Mike

Unless there's other comments, I think we're ready to wrap this up. I appreciate the Commissioner taking the time, and Jason, to do this and thanks for everybody who put the effort into making this a comprehensive program. I want to let you know that we will be posting this information and if you have any questions, you can reach out to anybody on the key contacts. So, thank you very much. And Kev, thanks for your presentation. We appreciate it.

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Degnan, Mike

Thank you, Lisa.

0:21:53.820 --> 0:21:54.510

Nicolopoulos, Christopher

Thanks everyone.

0:21:54.970 --> 0:21:56.250

Stone, Kevin

Thanks. Thanks everyone.

0:21:57.200 --> 0:21:58.0

Kaplan Howe, Lisa

Have a good day.

0:21:58.850 --> 0:21:59.470

Degnan, Mike

Take care.