

SECTION 1332
STATE
INNOVATION
WAIVER

NEW
HAMPSHIRE
REINSURANCE
PROGRAM



**2024
Post-Award Forum
and
Waiver Extension
Hearing**

INTRODUCTIONS

The New Hampshire Section 1332 Waiver/Reinsurance Program is a joint effort between the New Hampshire Health Plan (NHHP) and the New Hampshire Insurance Department (NHID).



NHHP: Executive Director J. Michael Degnan

- NHHP is a statutorily-created nonprofit organization that ran the New Hampshire High Risk Pool.
- NHHP is administering the NH Reinsurance Program.
- The NHHP Board advises the program implementation, making recommendations to the NHID Commissioner.
- NHHP is not a policy-setting organization; its role is to administer the program as designed by the NHID and approved by the legislature.



NHID: Commissioner Bettencourt

- NHID continues to oversee the program design, implementation, and operation.



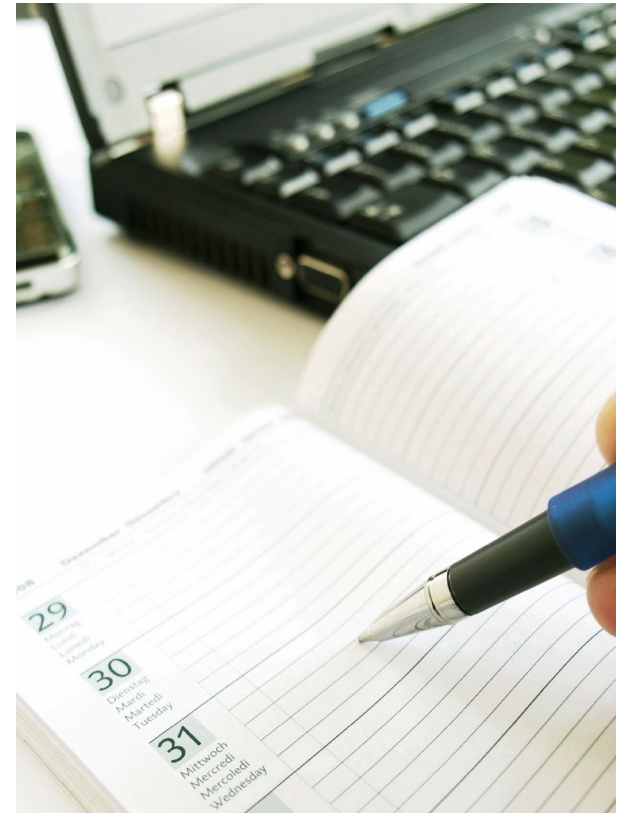
WELCOME FROM THE NEW HAMPSHIRE INSURANCE DEPARTMENT

Commissioner Bettencourt
New Hampshire Insurance Department

Michelle Heaton
Director of Life Accident & Health
New Hampshire Insurance Department

AGENDA

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ABOUT TODAY'S EVENT

ABOUT TODAY'S EVENT: PUBLIC FORUM / WAIVER EXTENSION HEARING

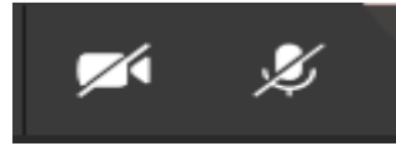
NHHP is holding this annual public forum and waiver extension public hearing to share updates and receive public questions and comments about:

- New Hampshire's Section 1332 Waiver and the New Hampshire Reinsurance Program
- The state's proposed request for a Section 1332 Waiver Extension

A recording of this event, as well as the PowerPoint, will be posted by NHHP and the NH Insurance Department following the event.

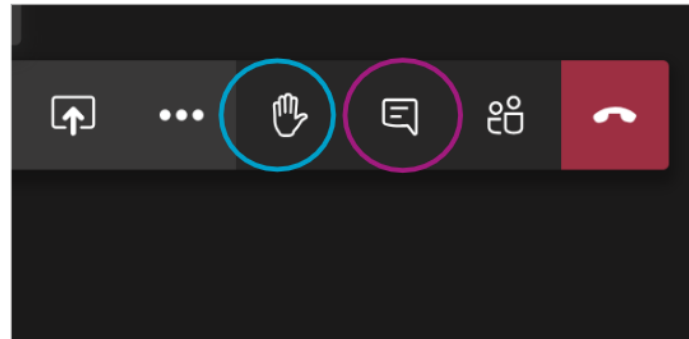
ABOUT TODAY'S EVENT: LOGISTICS FOR VIRTUAL ATTENDEES

- ✓ Keep audio on mute.
- ✓ Keep camera turned off.



To ask a question:

- ✓ Raise your hand
- or
- ✓ Enter it into the chat



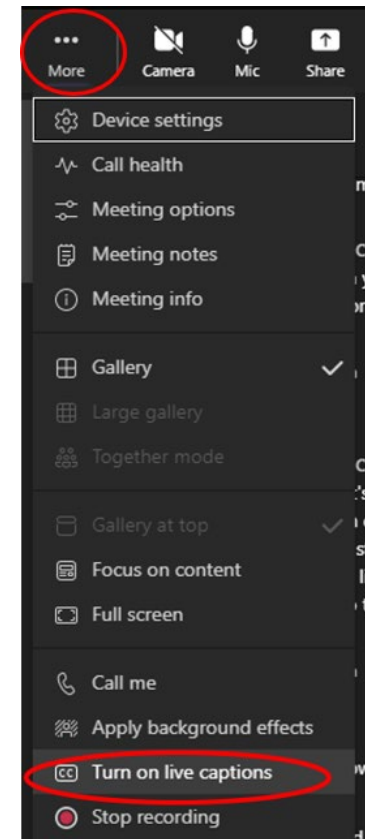
**If you are having a technical issue, please contact
A.J. Kierstead, NHID Outreach Coordinator
at (603) 271-3886 or
Adam.J.Kierstead@ins.nh.gov**

ABOUT TODAY'S EVENT: LOGISTICS FOR VIRTUAL ATTENDEES

Live captions are available. To enable them:

- ✓ Click on the menu labeled “more” (under 3 dots)
- ✓ Select “Turn on live captions.”

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BACKGROUND

BACKGROUND: ABOUT SECTION 1332 WAIVERS

Under the Patient Protection and Affordable Care Act (ACA), states may apply for a State Innovation Waiver (Section 1332 Waiver).

- Allows a state to use innovative strategies to address the unique circumstances in the state and ensure state residents have access to quality, affordable health insurance.
- The state can be granted:
 - Waivers from certain parts of the law
 - Federal funding for their program via a “pass-through” of federal savings

BACKGROUND: STATE AND FEDERAL AUTHORITY

The 2019 state budget trailer bill (HB 4) required NHID and NHHP to explore creating a risk stabilization program for the individual market.



- **RSA 404-G:12:** Directed NHID to work with NHHP to establish a market stabilization program for the individual market to be administered by NHHP.
- **RSA 404-G:12 & RSA 420-N:6-a:** Directed NHID to apply for a Section 1332 Waiver if such action was supported by the recommendations of actuarial experts.

Based on the findings of an actuarial study in 2019, NHID issued an order to NHHP to submit to NHID, for approval, an amended Plan of Operations that included the Section 1332 Reinsurance Program.

BACKGROUND: STATE AND FEDERAL AUTHORITY

NHID submitted an application for a **Section 1332 Waiver** on April 21, 2020.

- The state sought a waiver of section Section 1312(c)(1) of the ACA (regarding health insurance rating, single risk pool provision*) to allow for the implementation of a state-based reinsurance program funded in part with federal pass-through funding.
- The Federal Departments of Health & Human Services and Treasury approved the waiver on August 5, 2020.
- Initial waiver time period: January 1, 2021 – December 31, 2025



*THE WAIVER IS NECESSARY TO ALLOW ISSUERS TO INCLUDE EXPECTED REINSURANCE PAYMENTS AS THEY DEVELOP THEIR MARKET-WIDE INDEX RATES. DOING SO IS A CONDITION OF PARTICIPATION IN THE REINSURANCE PROGRAM AND IS ESSENTIAL FOR RATE SAVINGS TO BE REALIZED

BACKGROUND: WAIVER GUARDRAILS

Under the waiver, New Hampshire is required to demonstrate compliance with required waiver guardrails.

- **Comprehensiveness:** The waiver will provide coverage that is at least as comprehensive as without the waiver.
- **Affordability:** The waiver will provide coverage that is at least as affordable as without the waiver.
- **Scope of Coverage:** The waiver will provide coverage to a comparable number of state residents.
- **Federal Deficit:** The waiver will not increase the federal deficit.

BACKGROUND: PROGRAM DESIGN



New Hampshire's waiver is approved for January 1, 2021, through December 31, 2025.



The Reinsurance Program is an attachment point model that reimburses for high-cost claims that fall within the program's parameters.

- ✓ Attachment Point
- ✓ Cap
- ✓ Coinsurance



New Hampshire's Reinsurance Program is designed to pay-out the funds it takes in each year (after administrative costs and any board-approved reserves).

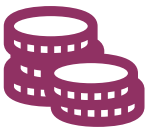
BACKGROUND: PROGRAM DESIGN



Most individual market plans are eligible to participate (excludes grandfathered and transitional plans).



Individuals remain in their selected health plans and have no changes to their cost sharing, networks or benefits.



Carriers submit claims and are reimbursed based on their share of high-cost claims for the program year (payments are calculated and made the following year).



Carriers develop rates based on expected reinsurance payments, providing relief in premium costs.

BACKGROUND: PROGRAM FUNDING

The Reinsurance Program has two funding sources:



State Premium Assessment

- Applies across the health insurance market
- Paid quarterly
- 0.6% of the prior year's Second Lowest Cost Silver Plan without-waiver rate



Federal Pass-through Funding

- Based on Advance Premium Tax Credit savings

The funding for the waiver program is set and will not increase based on costs. If necessary, the state will adjust the coinsurance rate to ensure payments match available funding.

BACKGROUND: PROGRAM GOALS

By subsidizing the liability for high-cost claims, the reinsurance program aims to lower claims costs for carriers, which must be passed on in premium savings.

This helps to stabilize the market by:



- Lowering individual market premiums.
- Increasing enrollment of the individual market's unsubsidized population.
- Making the market more attractive to existing and possible future issuers.



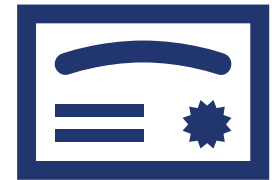
PROGRAM YEAR 2024 UPDATES

PROGRAM YEAR 2024 UPDATES: IMPLEMENTATION

New Hampshire successfully launched the State's Reinsurance Program on January 1, 2021.

The carriers participating in the program in 2024 are:

- Anthem Health Plans*
- Anthem Matthew Thornton
- Harvard Pilgrim Health Care/Point32Health
- Celtic (Centene)



Anthem Health Plans was new to the market in 2023.

**ANTHEM HEALTH PLANS OFFER OFF-EXCHANGE PLANS ONLY.*

PROGRAM YEAR 2024 UPDATES: REINSURANCE PARAMETERS

2024 Parameters

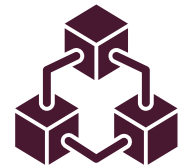
Attachment Point	\$60,000
Cap	\$400,000
Target Coinsurance	49 percent*

**THE COINSURANCE IS ADJUSTED TO MATCH PAYMENTS TO FUNDING AVAILABLE AND, FOR THAT REASON, IS AN ESTIMATE THAT IS SUBJECT TO ADJUSTMENT BASED ON FINAL FUNDING AVAILABLE AND ELIGIBLE CLAIMS.*

PROGRAM YEAR 2024 UPDATES: IMPACT OF MEDICAID REDETERMINATIONS

Medicaid redeterminations resumed in New Hampshire in April 2023. Those losing coverage likely were eligible for Advance Premium Tax Credits (APTCs), which remain enhanced under the Inflation Reduction Act.

- As a result, on-Exchange enrollment has increased by 12,862 (25.5%) since the start of redeterminations.
- Increased enrollment impacts:
 - Eligibility for APTCs/Pass-through Funding
 - State assessment funding
 - Exchange (reinsurance-eligible) claims
- Claims impact is expected to be greater in 2024; enrollment (and claims) increase in 2023 began mid-year



PROGRAM YEAR 2024 UPDATES: FUNDING

Combined Funding for Years 1 through 3: \$130.57 million

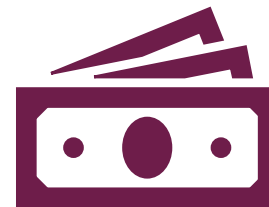
- Federal Funding - \$90.16 million
- State Funding* - \$40.41 million

Projected 2024 Funding: \$41.2 million

- Federal Funding - \$28.03 million
- Projected State Funding* - \$13.17 million

Total Program Funding to-date: \$171.77 million

- Federal Funding - \$118.19 million
- Projected State Funding* - \$53.58 million



**CARRIER ASSESSMENT RATE - 60 BASIS POINTS OF THE PRIOR YEAR'S SLCSP WITHOUT-WAIVER RATE*

PROGRAM YEAR 2024 UPDATES: MARKET IMPACT

Lower Premiums - The waiver resulted in*:

- A 10% decrease in the Second-Lowest Cost Silver Plan (SLCSP) rate for plan year 2024.
- Nationwide for 2024, New Hampshire**:
 - Has the lowest average cost benchmark (SLCSP) premium
 - Has the lowest average cost Silver premium
 - Has the second lowest average cost Bronze premium
 - Has the second lowest average cost Gold premium

Increased Enrollment*** – As of April 2024, *on-Exchange* individual market enrollment was up to 63,326 individuals.

Stable Carrier Engagement – Four carriers remain in the NH individual insurance market.

*BASED ON CARRIER FILINGS OF WITH AND WITHOUT WAIVER RATES

**FINDINGS FROM THE KAISER FAMILY FOUNDATION STATE HEALTH FACTS "AVERAGE MARKETPLACE PREMIUMS BY METAL TIER – 2024"

***BASED ON MARKETPLACE ENROLLMENT REPORTS. THE IMPACT OF THE REINSURANCE PROGRAM SPECIFICALLY ON ENROLLMENT HAS NOT BEEN ISOLATED.



PROGRAM YEAR 2025 PLANNING & OTHER UPDATES AND NEXT STEPS

PROGRAM YEAR 2025 PLANNING: REINSURANCE PARAMETERS

NHHP's Actuarial Workgroup continues to support program development:

- Members - Senior actuaries from each carrier participating in the program
- Role - Consult on key implementation milestones that require actuarial work
- The workgroup members worked with NHHP, NHID, and NHHP's actuarial firm (Leif Associates) to provide data and insight to inform the development of reinsurance parameters for the 2025 program year.



PROGRAM YEAR 2025 PLANNING: REINSURANCE PARAMETERS

The actuarial workgroup met with staff and Leif Associates 2 times in February and March 2024.



The actuarial workgroup recommended parameters were presented to the NHHP Board on March 21, 2024.



The Board adopted those recommendations for submission to Commissioner Bettencourt on March 21, 2024.



The Commissioner approved those parameters on March 25, 2024.

PROGRAM YEAR 2025 PLANNING: FUNDING & REINSURANCE PARAMETERS

2025 Funding Projection: \$43.37 million

- Projected Federal Funding - \$30.2 million
- Projected State Funding* - \$13.17 million

2025 Parameters

Attachment Point	\$60,000
Cap	\$400,000
Target Coinsurance**	49 percent

*CARRIER ASSESSMENT - 60 BASIS POINTS OF THE PY 2024 SLCSWP WITHOUT-WAIVER PREMIUM

**COINSURANCE IS NOT FINALIZED UNTIL FUNDING AND CLAIMS ARE CONFIRMED.

OTHER UPDATES AND NEXT STEPS

Completed:

- ✓ Carriers submitted care management program descriptions to demonstrate the carrier's ability to identify and help manage the care of potential higher cost claimants to ensure the appropriateness of health care services delivered.
- ✓ NHHP received and reviewed EDGE Server reports of 2023 eligible claims for each carrier.
- ✓ NHHP calculated 2023 payments. (70.9% of eligible claims)

Next Steps:

- On or before July 31, 2024: Full payments for 2023 will be made





WAIVER EXTENSION REQUEST

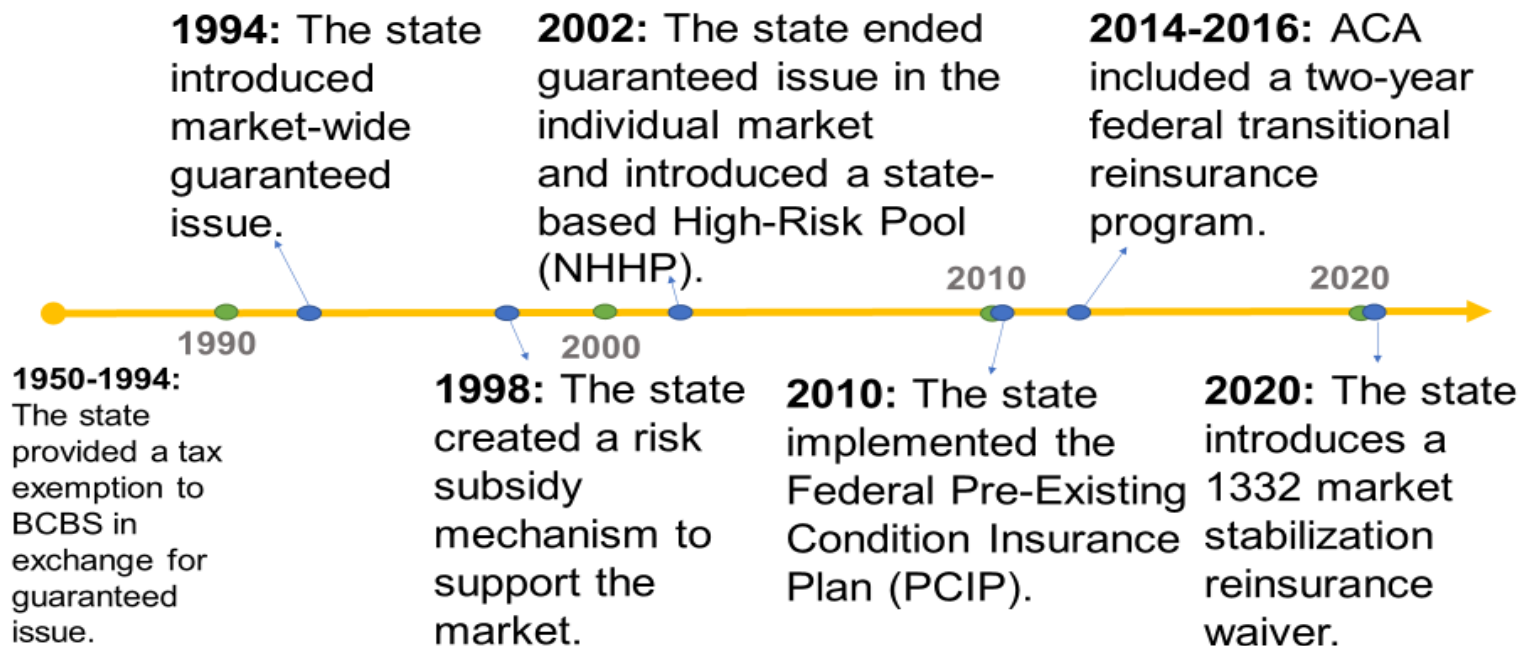
WAIVER EXTENSION REQUEST: WAIVER DOCUMENTS

All Waiver Documents – including the Extension Application and Historical Documents – Public Notices and Updates are posted on the NHHP website

www.nhhp.org/historical-governance-documents/governance-documents-nh-reinsurance-program

WAIVER EXTENSION REQUEST: HISTORICAL MARKET INFORMATION

New Hampshire has had a longstanding focus on the stability of the state's individual health insurance market:



WAIVER EXTENSION REQUEST: WAIVER IMPACT TO-DATE - COVERAGE

The Reinsurance Program has positively impacted the market:

Enrollment

- **Pre-Waiver:** The overall uninsured rate in NH had dropped to 5.7% under the ACA, but unsubsidized enrollment had decreased 36% between 2017 and 2019 and comprised a smaller portion of the market than previously.
- **Waiver Impact:** Enrollment has *increased* under the waiver, with the largest percent increase to unsubsidized coverage. These increases exceed original projections.

	2020 Average Monthly Enrollment	2023 Average Monthly Enrollment	Percent Increase
Total Market*	46,953	64,985	38%
Unsubsidized (on- and off- Exchange)	18,077	27,390	52%

WAIVER EXTENSION REQUEST: WAIVER IMPACT TO-DATE - AFFORDABILITY

Premiums

- **Pre-Waiver:**
 - New Hampshire ranked 15th in the nation for affordability of its SLCSP (2020)
 - New Hampshire ranked between twelfth and fifteenth for affordability of the average lowest cost Bronze, Silver and Gold plans (2020)
- **Waiver Impact:**
 - New Hampshire ranks 1st in the nation for affordability of its SLCSP (2024). The SLCSP premium has decreased 17% since 2020.
 - New Hampshire ranks between 1st and 2nd in the nation for affordability of the average lowest cost Bronze, Silver and Gold plans (2024)

Premium Affordability (nationwide ranking)

	2020	2024
SLCSP	15 th	1 st
Average Lowest Cost Bronze Plan	12 th	2 nd
Average Lowest Cost Silver Plan	15 th	1 st
Average Lowest Cost Gold Plan	14 th	2 nd

WAIVER EXTENSION REQUEST: WAIVER IMPACT TO-DATE – MARKET STABILITY

Carriers:

- **Pre-Waiver:** New Hampshire had gone from 5 carriers to 3 in the individual market.
- **Waiver Impact:**
 - A new carrier joined the market in 2023
 - A 5th carrier is expected to join the market

Individual Market Carriers

2015-2016	2017	2018-2022	2023-Current
<u>5 Issuers</u> <ul style="list-style-type: none"> • Matthew Thornton (Anthem) • ME CH Options • Harvard Pilgrim • Minuteman • Assurant 	<u>4 Issuers</u> <ul style="list-style-type: none"> • Matthew Thornton (Anthem) • Harvard Pilgrim • Minuteman • Celtic (Centene) 	<u>3 Issuers</u> <ul style="list-style-type: none"> • Matthew Thornton (Anthem) • Harvard Pilgrim • Celtic (Centene) 	<u>4 Issuers</u> <ul style="list-style-type: none"> • Matthew Thornton (Anthem) • Anthem Health Plans • Harvard Pilgrim • Celtic (Centene)

WAIVER EXTENSION REQUEST

The state is requesting a **5-year extension** of the waiver of Section 1312(c)(1) of the ACA and associated Pass-through Funding (2026-2030)



No changes are proposed to:



Program Structure

- Attachment Point Model*
- Carrier eligibility
- Coinsurance calculation and payment
- Impact on rating
- Care management reporting



Funding Structure

- State premium assessment (60 basis points of the prior year's without-waiver SLCSP pmpm premium)
- Federal Pass-through Funding (based on APTC savings)

WAIVER EXTENSION REQUEST: PROJECTED FUNDING



State Premium Assessment

- Actual funding per year will not be known until the prior year's SLCSP without-waiver rate and the waiver year's assessable life count is known.
- **2026 Estimate: \$13.87 million**
 - Based on:
 - SLCSP without-waiver rate of \$393.77 (yields an assessment rate of \$2.36 per member per month)
 - Assessable base of 490,000 lives.
- **2027-2030 Estimates*: \$14.06 million to \$16.41 million per year**
- Will fund claims and administrative costs

WAIVER EXTENSION REQUEST: PROJECTED FUNDING



Federal Pass-through Funding

- Actual funding per year will not be known until the SLCSP/APTC amounts and savings are known
- **2026 Estimate***
 - With continued enhanced ARPA subsidies: **\$36.04 million**
 - Without continued enhanced ARPA subsidies: **\$21.92 million**
- **2027-2030 Estimates*:**
 - With continued enhanced ARPA subsidies: **\$39.67 million – \$52.47 million**
 - Without continued enhanced ARPA subsidies: **\$24.13 million – \$31.91 million**
- Will fund claims

WAIVER EXTENSION REQUEST: PROJECTED IMPACT - COMPREHENSIVENESS OF COVERAGE

- Does not alter the required scope of benefits, including relative to Essential Health Benefits (EHBs)
- Increases the number of individuals with access to coverage that meets EHBs
- NH is seeking to ensure individuals are not forced to buy-down to plans with higher cost sharing

WAIVER EXTENSION REQUEST: PROJECTED IMPACT - AFFORDABILITY OF COVERAGE

- NH is seeking to ensure that premium savings are preserved.
- Projected premiums with continued enhanced ARPA subsidies (average aggregate premiums)*
 - **With waiver:** \$529.33 – \$648.32
 - **Without waiver:** \$598.38 – \$732.89
- Projected premiums without continued enhanced ARPA subsidies (average aggregate premiums)*
 - **With waiver:** \$516.33 – \$633.04
 - **Without waiver:** \$583.52 – \$714.69
- Access to cost-sharing protections and protections against excessive out-of-pocket spending are not impacted

**FLUCTUATES BY YEAR AND DEPENDING ON CONTINUATION OF ARPA ENHANCED APTCS. AVERAGE PREMIUMS ARE LOWER WITHOUT THE ENHANCED SUBSIDIES BECAUSE IT RESULTS IN PEOPLE BUYING DOWN TO LESS GENEROUS PLANS WITH LOWER PREMIUMS.*

WAIVER EXTENSION REQUEST: PROJECTED IMPACT - SCOPE OF COVERAGE

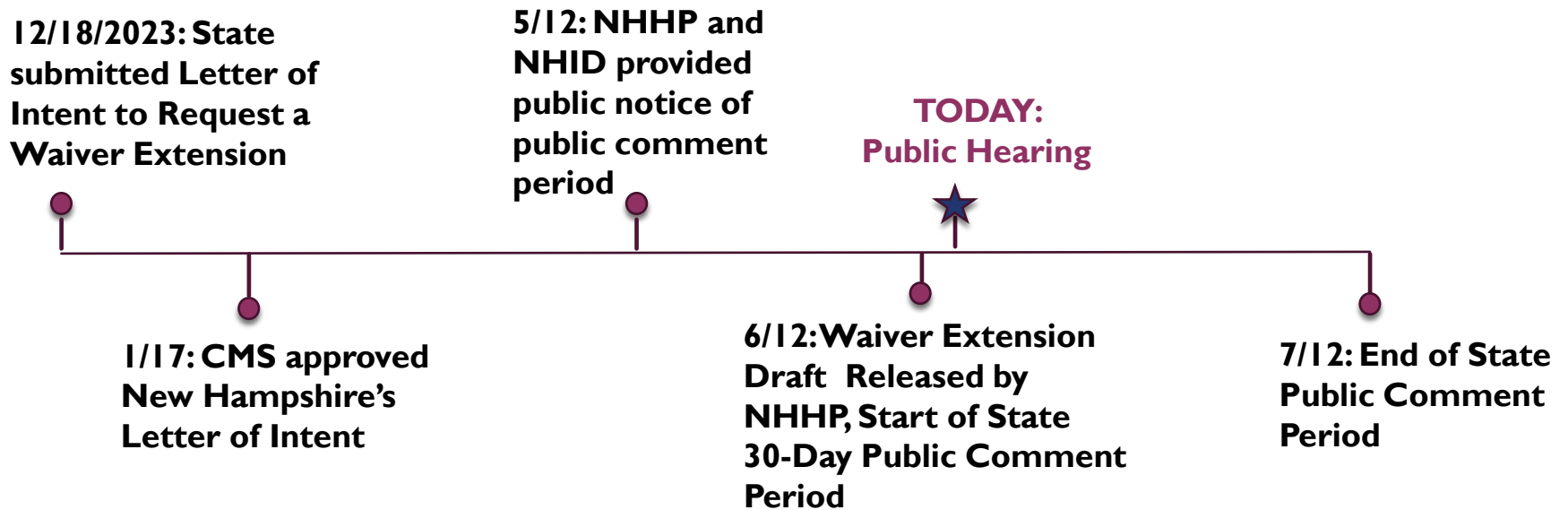
- NH is seeking to preserve enrollment gains
- Projected enrollment with continued enhanced ARPA subsidies*
 - **With Waiver:** 81,718 – 91,975
 - **Without Waiver:** 80,901 – 91,055
- Projected enrollment without continued enhanced ARPA subsidies*
 - **With Waiver:** 66,888 – 75,284
 - **Without Waiver:** 66,219 – 74,531

**FLUCTUATES BY YEAR AND DEPENDING ON CONTINUATION OF ARPA ENHANCED APTCS*

WAIVER EXTENSION REQUEST: PROJECTED IMPACT - DEFICIT NEUTRALITY

Federal Pass-through Funding is equal to federal savings in APTC, offset by the reduction in revenue from Exchange user fees (due to lower premiums) and is adjusted for the APTC to Premium Tax Credit (PTC) conversion rate.

WAIVER EXTENSION REQUEST: STATE PROCESS AND TIMELINE



WAIVER EXTENSION REQUEST: SUBMITTING COMMENTS

Public comments will be accepted and considered through July 12, 2024, and may be submitted:

- By participating in the public hearings
- Via email to: lkaplanhowe@pcgus.com
- Via mail to: New Hampshire Health Plan, C/O J. Michael Degnan, Helms & Company, Inc., 1 Pillsbury Street, Suite 200, Concord, NH 03301

Questions regarding the Section 1332 Waiver may also be submitted via email to lkaplanhowe@pcgus.com



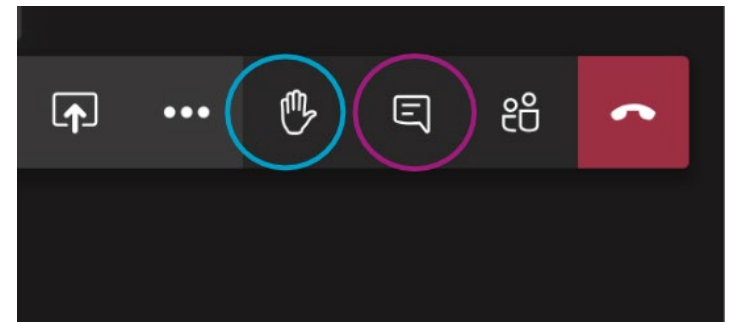
QUESTIONS AND COMMENTS

QUESTIONS & COMMENTS

NHHP invites attendees to share questions or comments about the New Hampshire Reinsurance Program/Section 1332 Waiver, today's updates, and the state's waiver extension request. All questions and comments will be documented for the record.

Instructions for Virtual Attendees:

Use the “**raise your hand**” option. We will unmute your line and announce you so you may begin speaking. If you'd like, you can turn on your video.



Alternatively, you may submit questions and comments into the **chat box** of the webinar.

➤ We will read and respond to all questions submitted.

Questions and comments can be submitted in writing by **July 12th** to lkaplanhowe@pcgus.com or by mail to J. Michael Degnan.

New Hampshire Health Plan, C/O J. Michael Degnan, Helms & Company, Inc.,
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KEY CONTACTS

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Jennifer Li	NHID Chief LAH Actuary	hsiuchen.li@ins.nh.gov
Lisa Kaplan Howe	Public Consulting Group	lkaplanhowe@pcgus.com

NHHP Section 1332 webpage:
nhhp.org/nh-reinsurance-program