

**2025 1332 Waiver Hearing  
Transcript**

0:00:00.2 Michael Degnan: I'm Mike Degnan. I'm the Executive Director of the New Hampshire Health Plan and welcome to our fifth annual post-award forum. Before we start, I'd like to introduce to you the folks you're going to be hearing from today. On my right is Commissioner Bettencourt for the New Hampshire Department of Insurance. My left is the Program Director for the Reinsurance Program, Kevin Stone. On his left is Michelle Heaton. Michelle is the Director of Life Accident and Health for the New Hampshire Insurance Department and an active member of the 1332 Planning Group. Michelle, we appreciate all your time. So thanks. Let me just go through some introductions and then we'll get with the program. This is a joint effort. The 1332 Waiver Reinsurance Program is a joint effort between the New Hampshire Health Plan and the New Hampshire Insurance Department. As I said, I serve as the Executive Director of the New Hampshire Health Plan.

0:00:58.6 Michael Degnan: NHHP is a statutorily created non-profit organization. We ran the high-risk pool in the state of New Hampshire. We ran the federal high-risk pool when that came into effect. We did the outreach and education for the ACA. And in 2018, we started helping fund the Enhanced Medicaid Program. It was the New Hampshire Health Protection Program, which has transitioned into the Granite Advantage Program. And in 2020, we put the application in for the 1332 Waiver. So NHHP is administering the reinsurance program. We have a board of directors that advises on program implementation, makes recommendations to the Department of Insurance. Just to be clear, NHHP is not a policy-setting organization. Its role is to administer the program as designed by the New Hampshire Insurance Department and provided by the legislature. I turn it over right now to Commissioner Bettencourt. Thanks, sir.

0:01:53.5 DJ Bettencourt: Well, thank you so much for having me. And I don't know that I've got remarks that are going to deviate too much from what I've said in the past, so I'll try not to be repetitive. But I always like to use these opportunities as an opportunity to talk about the success of this program. So as fate would have it, I actually was involved with this waiver from its earliest inception, really in the period of time when it had just started out as a discussion. And this discussion started with Commissioner Seigny at the time and Alex Feldvebel, who was the Deputy Commissioner at the time, coming to see me in my role in Governor Sununu's office back in 2017 when our individual market, like the rest of the country, was in some really tough shape. And Commissioner Seigny and Alex said, we really think we should explore the possibility of reinsurance waiver. I said, great. Well, explain to me a little bit how this works. And so they gave me what was their version of the elevator pitch. And I said, great, this makes a lot of sense. Because it makes so much sense, this shouldn't be too difficult.

0:03:08.7 DJ Bettencourt: Well, like everything else in life, the concept itself was fairly straightforward. The doing and the actually bringing it online, of course, was a lot more difficult, involved a lot more work. And so what started as a discussion in 2017, over really a two-year period is what it took for us to actually get the waiver submitted to the federal government and then to get it working up and running for not only the carriers of the state, but of course, ultimately, at the end of the day, the consumer to appreciate the benefit. And we had some fits and starts throughout that process, but the team here at the department at the time with a little bit of assistance from me in the governor's office was finally able to make it happen. And look, I appreciate the fact that I brag on New Hampshire a lot. I am biased, no question about that. But when you look at the success that New Hampshire has had with this waiver, it is an unmitigated success, as I like to call it. Like all of the cool kids these days, I from time to time like to check out what ChatGPT has to say about an issue.

0:04:23.3 DJ Bettencourt: And so I asked ChatGPT yesterday, how has 1332 waivers worked out in other states? Something to that effect. And according to Chat, and he's an expert, New Hampshire, in terms of what we've been able to do to bring down premiums, has by far led the country. And while it is true that the framework of this waiver is fairly uniform across the country, there are key areas where states can make it work best for them. And we've done that here in the state. And I think it's why we've had the success that we've had. It's why we've seen the waiver approved now through two different presidential administrations with two very different philosophies as to how to involve themselves in health insurance in this country. And again, I think it's because New Hampshire has shown we're going to do it smart. We're going to do it in a way that is cost neutral to the federal government. And we're going to do so in a way where the consumer is really going to appreciate the full benefit of the waiver. And so that's my bragging on New Hampshire. We did it really, really well. And we've enjoyed tremendous success with it.

0:05:38.9 DJ Bettencourt: Now, as we look to the future now, we're obviously in a period of some uncertainty as to what the federal government is going to do as early as the next plan year. But I think that whatever happens, because we have this waiver, should things not go the way we hope with things like the enhanced premium tax credits and some of the other things that are being discussed in Washington, we will at least have as a backstop for our consumers of this waiver. And so whatever fallout emanates from whatever decision is made, we will at least have done everything that we can to best position our consumers to be able to afford coverage the way that they've been able to afford it over the last several years. It is no accident that New Hampshire has the lowest average premium for our benchmark plan in the country. That's Kaiser Family Foundation, that's WalletHub, that's other groups that analyze these types of things that have consistently found New Hampshire has some of the lowest premiums. And this waiver has been a huge part of that. We've obviously done what we can to advocate for our

citizens in Washington, and we'll see what comes of all of that. But it's a real tremendous success. And obviously you all are going to get into the details of that, but I could not be more proud of the program, could not be more grateful to all of you who have been involved with bringing it online and then sustaining the success that we've seen. So my appreciation and thanks to you all.

0:07:13.0 Michael Degnan: And the cooperation between our team at NHHP and the department, it's been a tremendous amount of work, but it's been done, I think, quite successfully and on a timely basis. So we really appreciate the department's help in getting this going along with our friends at PCG. Thank you very much.

0:07:31.2 DJ Bettencourt: Absolutely. Take it away.

0:07:32.6 Michael Degnan: Let me go over what the agenda is today. We'll do a little... thank you Commissioner.

0:07:40.1 DJ Bettencourt: Absolutely. Just go swing around so I can see the slides.

0:07:41.2 Michael Degnan: We'll do a little bit of logistics. Michelle will talk about the background, then Kevin will get into the updates for 2025 and the program year 2026 plans, and then we'll take questions and answers. So let's just let me give you a little detail about today's event. We're holding the public forum to share updates and receive public questions and comments about the Section 1332 waiver and the reinsurance program. A recording of this event, as well as the PowerPoint presentation, will be posted by the New Hampshire Health Plan and New Hampshire Insurance Department on their websites in the next week or so. So you can look forward to seeing us do this. For logistics for today's event, please, those folks in the audience, please keep your audio on mute. Please keep your camera turned off. If you have any questions at all, AJ Kierstead is with us here. You can see his number there and his email address. If you have any issues, please just reach out immediately to AJ and he'll take care of you because he's taken care of all our issues over the years and we appreciate it. Thanks, AJ. Live captions are available. To enable live captions, you click on the menu labeled More under the three dots and turn on the live captions. So once again, reach out to AJ if you have any logistical problems here, but I think I'll turn it over now to Michelle to talk about the background of the program.

0:09:08.8 Michelle Heaton: Thanks. So I'm going to go into a little bit of the background about the Section 1332 waivers. So under the Patient Protection and Affordable Care Act, the ACA, states can apply for state innovation waivers, which are also called Section 1332 waivers. And what these essentially are doing are waiving certain sections of the ACA to allow states to implement innovative programs. The states can be granted waivers from certain laws and any federal funding for the program is provided via pass-through funding, which is the savings that

the federal government would have based on the program. So in New Hampshire, back in 2019 in the state budget bill HB 2, or sorry, HB 4, NHID and NHHP were required to explore creating a risk stabilization program for the individual market. And that was in RSA 404-G:12 as well as RSA 420-N:-6-a. So NHID was directed to work with NHHP to establish a market stabilization program for the individual market to be administered by NHHP. And based on some actuarial studies that NHID was required to undertake, if it was advantageous to pursue the 1332 waiver, NHID was directed to work with NHHP to submit that waiver application and amend the plan of operations to allow NHHP to administer the 1332 reinsurance program.

0:10:50.5 Michelle Heaton: So NHID submitted the application for the 1332 waiver on April 21st, 2020. The state sought to waive Section 1312(c)(1) of the ACA regarding health insurance rating risk provisions. This allowed us to implement a state-based reinsurance program funded in part with federal pass-through funding. The federal departments of health and human service and treasury approved the waiver on August 5th, 2020. The initial waiver time period was from January 1, 2021 through December 31st, 2025. Last summer, we submitted an extension waiver on August 21st, 2024, which was granted by the departments on November 19th, 2024. And so the extended period will run from January 1st, 2026 through December 31st of 2030. So we have another five years for this program. So waiver guardrails - under the waiver, New Hampshire is required to demonstrate compliance with the required waiver guardrails, and those are comprehensiveness, affordability, scope of coverage, and federal deficit. So the coverage under the waiver needs to be at least as comprehensive as without the waiver. The waiver needs to provide coverage that is at least as affordable as without the waiver, and the scope of coverage needs to be comparable to the same number of residents as without the waiver. And the waiver cannot increase the federal deficit. The way the New Hampshire program works for our waiver through the extension program is a typical reinsurance program with an attachment point model that reimburses for high-cost claims that fall within the program's parameters. So there's an attachment point, a cap, and a co-insurance. 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.

0:12:55.0 Michelle Heaton: In our program, all individual market plans are eligible to participate. Individuals remain in their selected health plans and have no changes to cost-sharing networks or benefits. The carriers submit claims that are reimbursed based off their share of high-cost claims for the program year. Payments are calculated and made the following year once all the claims have been submitted. Carriers develop rates based on the expected reinsurance payments providing relief through premium rates with lower premium costs. The reinsurance program has two funding sources. There's the state premium assessment and the federal pass-through funding. So the state premium assessment applies to all health insurance markets except Medicaid. And it requires those plans to pay quarterly and the rate is set at 0.6%

of the prior year's second lowest cost silver plan without waiver rate. So that's how we calculate the assessment rate and then we collect those assessments on a quarterly basis. The federal pass-through funding is based on the advanced premium tax credit savings that the federal government is realizing by having this waiver program. So that's the difference between the without waiver rates and the with waiver rates. Each year the annual waiver program funding is set and will not increase based on costs.

0:14:21.0 Michelle Heaton: If necessary, the state adjusts the co-insurance rate to ensure payments match available funding. By subsidizing the liability of high-cost claims, the reinsurance program aims to lower our insurance costs for carriers, which must be passed on in premium savings. This helps to stabilize the market by lowering individual market premiums, increasing enrollment in the individual market's unsubsidized population, and making the market more attractive to existing and possible future insurers. So I'm going to turn it over to Kevin to talk about the program year updates for 2025.

0:14:57.9 Kevin Stone: Thanks, Michelle. So every year when we have this forum, it comes at a time when we have three years of activity going on. So we're just concluding 2024. As Michelle said, we've just finished doing the payment calculations and those payments actually went out yesterday. We're obviously in the middle of current year 2025 and we've also done the planning for 2026. So I'm going to give you some updates on each of those years. So as you heard, we started this program at the beginning of 2021. Now five years later, we've actually had two carriers join and the last one joined this year. The new entrant is WellSense. They're selling product in five of the 12 counties in New Hampshire. So we're happy to see carrier growth. The reinsurance parameters both ironically for 2024 and for 2025 were the same. Attachment point of \$60,000, a maximum cap of \$400,000 and a target co-insurance payment of 49%. And as I mentioned, we just finished doing the calculations for 2024 and we paid out at 48.15%. So almost on our target, but that points out that we will adjust that payment to the funds that are available relative to the eligible claims.

0:16:20.6 Kevin Stone: Next slide. So one of the other things that has happened, especially in 2024, but it continues to 2025, is the impact of the Medicaid redeterminations. They started around April of 2023. That happened because of the cessation of the Public Health Emergency Act. And here in New Hampshire, we saw, we think a pretty big impact on this program because of the redeterminations. A lot of people lost their coverage for Medicaid. They no longer qualified for Medicaid coverage. And since the beginning of the redeterminations, we've seen a membership increase of 15,000 lives. And we believe a lot of that is attributable to the redeterminations. So what about the total funds? This slide just shows you the four-year cumulative funds supplied by the federal government and by the state. And you can see that for the four years, we've had \$173 million. Of that, a little over two-thirds is federal funding, one-

third state funding. And for this current year, 2025, we're forecasting to have just under \$48 million, of which almost, I think, a little over 69% is federal. So you can see that through the five years, this has been a pretty big program.

0:17:44.7 Kevin Stone: I think wisely using state money to leverage federal money for the good of consumers. Next slide, please. So one of the things that Commissioner Bettencourt talked about is a goal is to have this improve affordability and for the folks who are buying their insurance in the individual market. And for 2025, the impact of the waiver program was an 11% decrease in rates. And that's been pretty consistent over the five years of the program. And what I think is really telling about the success of the program is when we started, when we received our waiver application, that benchmark plan, that second lowest cost silver plan, 40 year old non-tobacco user, was \$404.60 per person per month. That's the premium someone would have paid. In 2025, this current year, five years later, it's \$327.96. So we've brought premiums down and we've held premiums down. And that's really, I think, a testament to the affordability impact of the program. Next slide, please. Commissioner Bettencourt mentioned that the Kaiser Family Foundation sort of does some comparisons across the states that have Exchanges and have premiums available. And they have different metal levels, which are different levels of benefit richness, if you will.

0:19:04.6 Kevin Stone: And here you can see that in this current year, 2025, we have, the state of New Hampshire has the lowest benchmark premium. We have the second lowest cost price bronze premium, the lowest silver premium, and the lowest gold premium. So again, really feel good that we're leading, as Commissioner Bettencourt said, leading the country in that. Our individual enrollment is up considerably. We're at 77,000 lives as of April. When we started the program, we, I think, were just about 40,000. So that's how much growth we've had. I mean, as we mentioned, we have now two new carriers and a new entrant this year, WellSense. Next slide. So I mentioned that's 2024 and 2025. What about 2026? We actually try to set our program year parameters by the end of March. We have an actuarial work group that's comprised of the senior actuaries of all of the eligible carriers, as well as representatives from the Insurance Department. They meet, they provide data, and they advise the actuary for this program, Leif Associates, on trends and assumptions that go into setting the program parameters for each year. So that's a critical role of consulting that they do. And this year, we flip to the next slide.

0:20:26.8 Kevin Stone: So the process is, we have a couple of meetings, February, March, look at the data, come up with recommended parameters. Those parameters then are recommended by this actual work group to the board of the New Hampshire Health Plan, that occurred at the board meeting on March 20th. The board accepted those recommendations and then passed those recommendations on to Commissioner Bettencourt. He approved those on March 21st.

And those now are the parameters that the carriers will use in setting their rates for 2026. So one of the challenges, Commissioner Bettencourt also mentioned the uncertainty that we have to deal with right now. One of the things that's uncertain is, to date, there have been enhanced subsidies for individuals to qualify for these advanced premium tax credits. And as Michelle said, our federal funding comes from the savings that are incurred by having a lower premium on individuals that would be eligible for those tax credits. So they're scheduled to sunset at the end of the calendar year. It's possible that they will be extended. It's possible that they will be allowed to sunset. We don't know. So we had to set parameters for two scenarios. One, if those enhanced credits are ended, and one, if they are continued into 2026.

0:21:47.4 Kevin Stone: So you can see there's different funding estimates from the federal government. The state funds are the same. Those are unaffected by whether there's enhanced premium credits or not. And so you can see there's a difference in the total. But the membership will also be different, and the underlying risk profile of the members are different. So what we're able to reimburse for our estimated eligible claims is also different under the two scenarios. So you can see that while the attachment point and the cap is the same, if there are not enhanced premium tax credits, we would be expected to reimburse at 41% of eligible claims. If there are enhanced premium tax credits, so the covered pool is likely larger, we would reimburse at 38% of eligible claims. Next slide, please. So other things that we've done, every year the carriers are required to submit a care management description. We want to make sure that just because there's a reinsurance program, they're still doing their good case management, trying to manage claims costs to keep it down. Each of the eligible carriers have submitted their plans, and we sent those over to the Insurance Department. We participate in a federal program called EDGE Server, where we receive the claims that are processed by every eligible carrier.

0:23:07.9 Kevin Stone: Every month we get a summary, and we actually use that summary to determine the proportion of the reinsurance pool that each carrier receives. We did make an interim payment this year for 2024 program year, We had some concerns that perhaps there could be a delay in accessing the federal funds, so we decided to access the federal funds in March and make an interim payment, and then we just made our final payment sort of to true everything up to the program total for the year. And that's pretty much what we've done. I'll now see if there are any questions from those in the room or from those who are participating virtually. We do have... yes, Ben.

0:23:55.7 Ben Bradley: Thanks for the overview. My name is Ben Bradley. I'm with the Hampshire Hospital Association. I'm just wondering if you could comment on whether and how the number of covered bodies as it's grown over the years from 40,000 to 77,000, does that have any effect on the program and the ability to reimburse at whatever percentage you're

setting at, or is that largely just a function of the capability of the program so you can flex up to the need of the number of people can enroll?

0:24:25.5 Kevin Stone: So I would say that within a year, it probably doesn't make too great of an impact, but over time, as enrollment increases, it does have an impact. And while more enrollment, particularly if the individuals are qualified for the federal tax benefits, that is increasing the federal funding, the state funding, of course, is set and doesn't get altered by that. So if you think about it, generally, if there's a larger insured pool and a portion of those are going to fall within that \$60,000 to \$400,000 range for claims, then how much you can reimburse per claim is going to go down. So we've seen that. When we started the program, we targeted 74% of eligible claim. We actually were able to pay out at 84% in the first year. But as our membership has increased, that expected percentage of eligible claim reimbursement has gone down, and that's really, I think, the impact of membership growth.

0:25:20.3 Ben Bradley: That's great. And I have one follow-up as well. Given that New Hampshire is the lowest or second lowest in the opinion of the metrics here as it relates to the premium costs, is the state noticing folks from out of state coming to New Hampshire because of that or enrolling in any way? Is it becoming more attractive or is it the business perspective? Can you just share what it produces? Is there any dynamic there of...

0:25:54.4 Ben Bradley: Folks acknowledging that we're the lowest and whether it makes us an attractive place?

0:26:00.4 DJ Bettencourt: If I may, before you answer that, Ben, people are getting smarter and smarter by the day and moving to New Hampshire for any variety of reasons. But this may be one of them.

0:26:09.8 Michelle Heaton: Yeah, it's a factor, but you have to, where you buy your insurance is based off of where you reside. So if you reside out of state, you're not eligible to purchase New Hampshire plans. And part of that is because of managed care and the networks that are designed in plans we approve are based off New Hampshire. So if you're in another state, you're not going to be able to access the care in that network.

0:26:32.8 Ben Bradley: Is it tracked at all year over year, whether you're seeing folks move from out of state?

0:26:40.1 Michelle Heaton: No, I don't think we have any way of monitoring that. I mean, we've seen increases in our individual market, but not necessarily our small group and large group market, have been fairly stable. There's not a significant enough increase in our market compared to our population to say, yes, people are flocking to New Hampshire. But yeah, that's definitely something we can look into more and see if that is a factor.



0:27:06.4 DJ Bettencourt: The only other thing that may make that harder to pin down specifically is what we've seen as a migration. While presently modest, as I look into my crystal ball, such as it is, I see that trend continuing of businesses, particularly those in the smaller group market, looking at the ICHRA option and deciding whether or not that's the better fit for their company, their business, and their employees. So we may end up seeing that individual market growth continue to expand, but it might not necessarily mean it can be specifically attributed to migration of residents. It may just be this change in the market that's driving a lot of that role. Is that fair, Michelle?

0:27:52.1 Michelle Heaton: Yeah, I think it's difficult to monitor enrollment based off of where people resided over years because we don't always have that data. We would only have the data for New Hampshire residents. But there's still an uninsured portion of the population, in New Hampshire. And the way they may migrate from Medicaid to a commercial plan, maybe back to Medicaid or maybe uninsured and through those different markets is really hard to track.

0:28:19.1 Kevin Stone: I would say, Ben, from the hospital association perspective, I think it's fortunate that we're in a state that has a pretty affordable individual premium if there's going to be ongoing worry about Medicaid coverage. There are some states where if a Medicaid person loses their coverage, they probably don't have the ability to purchase an individual premium. Here in New Hampshire, I think we saw that with the redetermination and the increase in enrollment that occurred over the 12 months. So at least there is that level of safety net here in New Hampshire that, frankly, if you went across the river in Vermont, it would not exist. So I think that's a good thing in this time of uncertainty.

0:29:00.7 Ben Bradley: I'd say so.

0:29:03.9 Michael Degnan: Additional questions?

0:29:06.7 Michelle Heaton: This is also an opportunity for public comments. If anyone wants to submit comments, feel free to do so.

0:29:14.7 Kevin Stone: And we keep that open for?

0:29:17.8 Michelle Heaton: Until June 27th.

0:29:18.6 Kevin Stone: Until June 27th.

0:29:19.3 Kevin Stone: Great.

0:29:21.7 Michael Degnan: Hearing none, I think we'll move forward to wrap it up. Here's a listing of the individuals. Most people are here, but if you have any questions, email. You probably have a lot of the phone numbers for us. We're glad to reach out to you, but we'll be

back to you on a timely basis. So I think once again, I think an awful lot of work has gone into this over the last five years, and the results have been incredibly positive from our perspective. We look forward to five more years of this. So having once again thanked the Insurance Department for hosting us for this event, and AJ for all your technical assistance. So thank you very much.