

**New Hampshire 1332 Waiver
2026 Annual Public Forum**

Transcript

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Mike Degnan: Mike Degnan from the New Hampshire Health Plan. And welcome to our fifth annual Post Award Forum for the Section 1332 State Innovation Waiver. And next slide, please, Lisa.

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Mike Degnan: The Section 1332 Waiver is a joint effort between New Hampshire Health Plan and New Hampshire Insurance Department. As I said, I'm the Executive Director of New Hampshire Health Plan. We run - we are not for profit - we ran the new high risk pool. We ran the federal high risk pool. We did outreach and education for the ACA. And 2017, we started doing an assessment collection, assisting in the funding of the enhanced Medicaid program.

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Mike Degnan: And we still operate that for the Granite Advantage Program. So we have a board of directors that advises us on the implementation, makes recommendations to the New Hampshire Insurance Commissioner. Just to be clear, NHHP is not a policy setting organization. We administer the program as designated by the Insurance Department and approved by the legislature. Let me just introduce who you going to be hearing from today.

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Mike Degnan: Kevin Stone - Kevin Stone is the project director for the reinsurance program. Kevin's been on this since we started back in 2019. Lisa Kaplan Howe is with PCG and is an external resource for us since we've been doing this and a former board member at the New Hampshire Health Plan maybe a decade ago, and Michelle Heaton Michelle is an active member of the 1332 Working Committee.

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Mike Degnan: Michelle's the Director of Life, Accident and Health at the Insurance Department. And finally, Keith Nyhan. Keith is the Deputy Commissioner of the Insurance Department and we say, welcome, Keith. Thanks. Thanks for taking the time to join us.

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Keith Nyhan: Thank you very much. I would just say on behalf of the Department and Commissioner Bettencourt we're glad to be here today.

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Keith Nyhan: We value the partnership that we've had with the health plan and PCG over the years, and the waiver is very important to New Hampshire's insureds, and we're looking forward to hearing today. So thank you very much.

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Mike Degnan: Great, and we appreciate the continued support of the Department in the implementation of this program. It's had lots of curves over the last 5, 6 years we've been doing it, but I think it's been a really successful program from our perspective.

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Mike Degnan: Let me just talk to you about what the agenda is for today. We'll go, I'll go over the hearing, the logistics. Michelle will do - give us the background, and then Kevin will give us some of the details about what happened in 2025, what will looking forward to in 2026, and other things we're going to be doing from a strategic perspective.

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Mike Degnan: We'll also take questions and answers at the conclusion.

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Mike Degnan: Today's event, you know, we're holding the forum to share updates and receive public questions and comments about the program. A recording of this event, as well as the PowerPoint presentation, will be posted on the NHHP website and the Insurance Department website by midweek next week, for somebody looking for information on that. Just the logistics of the day. Please keep your audio on mute and keep your camera turned off. To ask a question and make a comment entered into the chat.

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Mike Degnan: If you have technical problems, Emma Joyce is online now waiting to assist you if you need it. There's her phone number and her email address, so don't hesitate to reach out to Emma if we have, if you sense any problems.

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Mike Degnan: And live captions are enabled. To enable live captions Just click on the menu underneath the three dots and select Turn on Live Captions. So that's the logistics of today's operation. For the background, we'll turn to Michelle. Thank you Michelle.

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Michelle Heaton: So under the Patient Protection and Affordable Care Act or formally known the ACA, there is an ability for states to apply for State Innovation Waivers under Section 1332. It allows the state to use innovative strategies to address unique circumstances in the state, and to ensure state residents have access to quality, affordable health insurance. States can be granted the waivers of certain parts of the ACA and receive federal funding for their program through pass-through, which is the pass-through savings to the federal government.

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Michelle Heaton: So in the 2019 State Budget which was HB 4, required the New Hampshire Insurance Department to explore creating a risk stabilization program for the individual market. RSA 404-G:12 directed the Insurance Department to work with NHHP to establish that market stabilization program, administered by the New Hampshire Health Plan.

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Michelle Heaton: Under RSA 404-G:12 and RSA 420-N:6-a, that's where we get our regulatory authority to apply for this waiver. It directed the Insurance Department to apply for the waiver, if doing so was supported by recommendations of actuarial experts. So based on the findings of an actuarial study in 2019, New Hampshire Insurance Department issued an order to NHHP to submit, on behalf of the Insurance Department for approval, an amended plan of operations that included the 1332 reinsurance program.

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Michelle Heaton: So the waiver application was submitted on April 21st, 2020. The state sought to waive section 1312(c)(1) of the ACA regarding health insurance rating risk pool provision. This allowed the state to implement a state-based reinsurance program, funded in part through federal Pass-through Funding; The federal Department of Health and Human Services and the Treasury approved our waiver request on August 5th, 2020, and the initial waiver time period was from January 1, 2021 through December 31st of 2025.

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Michelle Heaton: Just more recently, NHHP submitted a request to extend that waiver on August 21st, 2024. Again, the federal Department of Health and Human Services and Treasury approved that extension on November 19th, 2024, and this extended waiver period is running from January 1st, 2026 through December 31st of 2030. So, under our waiver, the New Hampshire - New Hampshire is required to demonstrate compliance with the required waiver guardrails.

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Michelle Heaton: So it has to be comprehensive, affordable, a comparable scope of coverage and not increase the federal deficit. So with respect to comprehensiveness, the waiver must provide coverage that is at least as comprehensive as without waiver. The waiver needs to provide coverage that is at least as affordable as without the waiver. And the coverage needs to be comparable to the same number of state residents.

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Michelle Heaton: And as I said, the waiver cannot increase the federal deficit.

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Michelle Heaton: The New Hampshire's approved waiting period beginning in January '21 through now, December 31st, 2030. The reinsurance program is an attachment point model that reimburses for high cost claims that fall within the program's parameters. It has an attachment point, a cap, and co-insurance. New Hampshire reinsurance program is designed to pay out all the funds it takes in each year, after administrative costs and any board approved reserves.

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Michelle Heaton: All individual market plans are eligible - are eligible to participate in the 1332 program. Individuals remain in their selected health plans and have no changes to their cost sharing, networks or benefits. Carriers submit their 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 the form of premium costs.

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Michelle Heaton: The reinsurance program has two funding sources. There's a state premium assessment and federal pass-through funding. So the state premium assessment applies to all health insurance market except Medicaid. These assessments are paid quarterly and collected by NHHP, and the assessment rate is set at 0.6% of the prior year's second costs low - second lowest cost silver plan without-waiver rate from the plans that are offered throughout the entire state.

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Michelle Heaton: So statewide plans. The federal pass-through funding is based off of the Advanced Premium Tax Credit savings based on the differential between the with-waiver and

without-waiver rates. Each year, the annual waiver program funding is set and will not increase based on costs. If necessary, the state adjusts the co-insurance rate to ensure payments match available funding.

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Michelle Heaton: By subsidizing liability for high-cost claims, the reinsurance program aims to lower claims cost of carriers, which must be passed through in the form of premium savings. This helps stabilize the market by lowering individual market premiums, increasing enrollment of the individual - of the individual market's unsubsidized population, and making the market more attractive to existing and possible future insurers. I'm going to turn it over to Kevin to talk more about the particulars.

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Kevin Stone: Thanks, Michelle. So as you heard, we just, with the conclusion of 2025, we've actually concluded the first five-year initial waiver period. So we thought it would be good to just show you the impact over that five-year time period as it relates to those goals that Michelle just just talked about. So did it impact the normal carriers in the market?

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Kevin Stone: You can see when we started the program, there were three carriers selling individual insurance, and now there's five carriers. So we increased the number of carrier. Premium, at the time that we received the waiver. The average - the second lowest cost silver plan benchmark premium, which is for a 40 year old non tobacco user, was \$404.60. And you can see in this slide that for each of the five years of the waiver period, that plan, that second lowest customer plan premium has been less than it was before we started the program.

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Kevin Stone: Next slide. And how about enrollment? We've seen fairly steady enrollment growth since the beginning of the waiver period. Some years more, some years less, but always an increase through 2025. And these are enrollments as of the end of December. And so you can see at the end of December 2025, we had 76,251 enrollees. And I'm going to have you remember that number because it will be related to when we talk about 2026.

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Kevin Stone: Next slide. So, we actually sort of have three years going at once most of the time. We're wrapping up the prior year, in this case 2025. We're in the current year, which is 2026. And we've had to set the parameters for the carriers to begin their pricing work for 2027. So wrapping up 2025, we're closing it out, and we actually think will conclude that either today or

tomorrow. We make final payments to the carriers for their eligible claims, based on reports we receive from the Federal Edge Server, and we receive those from November through May.

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Kevin Stone: We do a final calculation based on the proportional eligible claims among all the eligible carriers. We notify the carriers of our calculations, they confirm them, and then we issue payment. So this year we were able to pay-out at 46% of eligible claims. That's a little bit lower than the target that we had set back in early 2025.

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Kevin Stone: We set a target of 49%. The carriers have confirmed this, and we're actually in the process of issuing those payments. We're hoping they go out today and the carriers will have them by Friday. So that will wrap up 2025. So, 2026 where we've started 2026. We continue to have five carriers. And you can see those five on this slide.

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Kevin Stone: Next slide please. And we are continuing with our same model of an Attachment Point, a Cap, and a target Coinsurance. We've not changed the Attachment Point since we started the program. It's always been at \$60,000. And the Cap also has always been at 400,000. And this year, based on our forecast of both funding and eligible claims, we're targeting a payment of 41.4% on those eligible claims that fall within the Cap and the Attachment Point.

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Kevin Stone: Next slide. So how about all the funding that we've been receiving? You can see through the first five years, this program took in a little over \$221 million of funds. Of that, \$152 million was federal, \$69 of them was state. So we've been running right around a 2.2 ratio of federal dollars to state dollars. We're projecting our funding in 2026 to be \$41.2 million.

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Kevin Stone: Our federal funding is a forecast. If you've been a regular in these forms, you know that usually by the time of the public forum, we know exactly what our federal funding is going to be for the current year. This year, we do not. The feds, the shutdown that occurred has delayed their ability to do calculations. And we're also wondering if they're really waiting for all of the cessation of the enhanced subsidies to wash through so that they can get most accurate final numbers.

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Kevin Stone: But, we often have our projection in April. Here it is mid-June, and we do not know what our money will be for the year. But we had forecast that when we did our budget at \$27.6 million. We know our assessment rate in the state, and we have a pretty good handle on assessed lives, so we're fairly confident that we'll have about \$13.6 million of state funds.

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Kevin Stone: And if you sort of add that to the first five years, you can see the funding to-date would be \$262.5 million, of which about \$180 million is federal and a little over \$82 million is state. What about the impact of 2026? Because we already know the 2026 premiums, the impact of the waiver resulted in a reduction in the second lowest cost silver plan premium, about -by about 11%.

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Kevin Stone: In other words, if this reinsurance program wasn't in place, those premiums would be 11% higher than they actually were. And there's - the Kaiser Family Foundation does a lot of health research for - in the United States, and they have a website that compares the premiums for the different metal levels - gold, silver and bronze across - all of the states in the United States.

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Kevin Stone: And this is where we fall in New Hampshire. The benchmark premium, which is that second lowest cost silver plan for a 40 year old, that - we are the lowest premium in the United States. For the lowest cost bronze premium, we're the second lowest among all states. We're the lowest cost average silver premium and the second-lowest cost average gold premium.

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Kevin Stone: So we're pretty happy that the impact on premium has allowed New Hampshire to be one of the most affordable states for buying individual insurance in the country. I mentioned enrollment. So again, if you recall, when we were doing this forum last year, we were dealing with a lot of uncertainty. It was uncertain if the federal government would continue the enhanced subsidies that would allow folks at slightly higher income levels to qualify for premium assistance and other benefits.

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Kevin Stone: Ultimately, the federal government ceased offering those enhanced subsidies, and so the impact has been a diminution of our enrollment. So, through April, our enrollment is 70 -

a little over 73,000 lives. Remember, we were at a little over 76,000 in December. So we've dropped about 3,100 lives, four percent decrease. And so on the one hand you say, wow, that's the first time we've stopped growing.

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Kevin Stone: But the enhanced subsidies were discontinued. When we were doing our planning, under the scenario of not having the enhanced subsidies, we thought we would encounter a larger enrollment decline than we've actually experienced today. The Congressional Budget Office, when they did their forecast, thought there would be a 25% reduction in enrollment across the country. And nationally, the decline has been estimated at 17 to 22%.

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Kevin Stone: So you could sort of say that our small decline is almost growth in comparison to the other states in the country. But we're pretty happy that we've not seen a big negative impact on enrollment, as has been experienced elsewhere in the country. We are anticipating flat enrollment growth going forward, assuming that these enhanced subsidies will continue to not be offered.

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Kevin Stone: Next slide. So, what about 2027? As I mentioned, we've already had to set our parameters. We do that work in February and April - I mean February and March - to have the rates approved for April for the carriers. We work with our Actuarial Workgroup, which is comprised of the senior actuaries of all the eligible carriers, along with representatives from the Insurance Department.

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Kevin Stone: And their role is to advise and consult, review our assumptions. And they work with our engaged actuary that works to set the parameters for each year. And our actuary, Leif Associates, they gather all of the data from the eligible carriers - enrollment and claims. They generate assumptions and trends that are reviewed by the group. And then we use that to develop the reinsurance parameters for 2027.

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Kevin Stone: Those get recommended to the NHP Board and ultimately then recommend it to the Insurance Commissioner. So we meet in February and March. We recommended the parameters on March 19th to the Board. The Board adopted the recommendations at their Board meeting on the 19th, and then recommended them to the Commissioner, who approved the parameters on March 23rd of this year.

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Kevin Stone: So here we are. Our projected funds - \$42.3 million total. Now we also have to take state operational spends out. But you'll notice that the state portion has increased a fair amount from 2026. And that's because the without-waiver benchmark premium that we apply that 0.6% to has gone up. And that increase in the premium increases the assessment rate and that is increasing the state revenue.

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Kevin Stone: We did not alter our parameters of Attachment Point and Cap for 2027, but based on the funding estimates and the claims estimates, we're now targeting a 30% reimbursement for claims that fall within that Attachment Point to Cap corridor. Next slide. So we also spent a lot of time talking about assumptions going forward for 2027 and beyond. We started to see for the first time a decrease in enrollment.

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Kevin Stone: So what's going to be the steady state now that these enhanced subsidies are gone? Based on our discussion with the Actuarial Workgroup, we assume that we would have a normal enrollment trend, meaning normal going all the way back to 2021 when the program started. And that would be a 4% increase in January, which is usually when the enrollment period is open.

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Kevin Stone: And then there's sort of some attrition that occurs throughout the rest of the year, declining so that you sort of result by the end of the year at not much change in enrollment. And that's what we've estimated for 2027. Other considerations in setting our parameters. There was a lot of discussion about premium buy-down.

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Kevin Stone: Because the premiums have gone up, so the cost that people are facing to buy their insurance has gone up. Some folks handle that by reducing the richness of coverage. And that's called the premium buy-down. And we believe there would be a premium buy-down in New Hampshire. And we did see a movement of folks moving away from the gold plan and onto the bronze plan, which is less rich.

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Kevin Stone: Across the country, they saw a lot of movement in the buy-down. The bronze enrollment went up 33%, which is sort of indicative of folks looking for a lower premium, but also less rich coverage that they could afford. And that's what we've seen, but kind of on a

muted basis here in New Hampshire. You also worry about adverse selection. Do the folks that are kind of healthy decide not to buy insurance, drop out of the pool?

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Kevin Stone: And now the remaining folks are higher utilizers and that might mean a higher proportion that trip that attachment point and eligible claim level. And we did assume a higher morbidity for 2027. Nationally, they've seen a morbidity increase of three and a half to six percent in the various states as a result of some of these changes. And then, we also - we've seen claim cost escalation as well in New Hampshire.

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Kevin Stone: What do we think it's going to be going forward for 2027? We assumed it would be about the same as we experienced last year, which is a double-digit increase. So we assumed about a 10% overall or 12% overall increase in - in claims. Next slide. Other updates. We asked the carriers to submit their care management program descriptions to make sure that they are doing good care management on all their members, and that they're not sort of exempting those that they know they're going to get reinsurance on.

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Kevin Stone: We want to make sure they have a robust care management program to keep the claims cost as low as possible. They've all submitted their care management programs for the year, and we're going to be working with our actuary, the Leif Associates, along with the Actuarial Workgroup to do a study as to whether it is time for us to change some of our parameters.

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Kevin Stone: We've not changed that Attachment Point or Cap since the beginning, yet the average claim cost has gone up almost 100%. And so maybe it's time for us to alter our parameters, probably moving up the Attachment Point and moving up the Cap. So we're going to do a study of that. We're going to review the results of that study with the Actuarial Workgroup.

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Kevin Stone: We'll do the study this summer. We'll meet with the work group in the fall. And we'll make - if we're going to make any changes - we'll make those. And those will then be available to be implemented for the 2028 year and likely beyond. And that sort of is a wrap up of the summary of the waiver program in the five years and the three years that we have ongoing right now.

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Kevin Stone: So if you have any questions or comments, now's the time to either to use your chat feature on the on your computer.

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Mike Degnan: Do we have any questions or comments?

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A. J. Kierstead: We do not have any questions or comments at this time.

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Michelle Heaton: If you don't have any questions or comments now. You can always submit them in writing to Lisa by July 1.

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Keith Nyhan: So I guess as we wrap up, I'll just say thank you very much for listening to us today. Thank you to our colleagues who have presented, and we look forward to this program continuing for years to come. Thank you.

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Mike Degnan: Thanks Keith. And, once again, thanks for the Department for the cooperation. And I think it's been a highly successful program, and we look forward to continuing working on it.

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Mike Degnan

Thank you for those who attended. We appreciate it. And don't hesitate to reach out if there are any questions. Thank you.