

NH Reinsurance Program Actuarial Work Group Meeting Summary – March 16, 2021

Attendees

From NHHP: Mike Degnan; Lisa Kaplan-Howe; John Hastings; Mark McCue; Kevin Stone
From Leif Associates: Liz Leif; Nic Ramey
From Carriers: Zhuo Chen; Laura Pendergast; Steve Phillips
From NHID: David Sky; Tyler Brannen; Maureen Mustard

The purpose of this Workgroup meeting was to receive and discuss the recommended reinsurance parameters for 2022 and corresponding supporting analysis conducted by Leif Associates. Leif provided a power point presentation to Workgroup members that described the analytic work.

Analytic Discussion Points

- Data received from Carriers was used as the primary source for analysis
- Discussions were held with representatives of CMS to understand the Pass Through Funding calculations and to determine potential impact of the American Rescue Plan on Program funding.
- CMS provided reference to some data used in the analysis but other desired data was not available.
- The federal PTC Funding estimate provided by CMS was substantially lower (\$10M) than the State's original projection that accompanied the Waiver application.
- Using the Carrier data along with information made available by CMS, Leif Associates was able to recreate the federal pass thru funding calculation within \$1M.
- Based on this, we determined that the Leif calculation methodology would be appropriate for estimating 2022 federal funding.
- It is likely that elements of the American Rescue Plan Act will positively impact federal funding available for the NH Reinsurance Program. Currently, we have been unable to verify this impact with CMS. The NH Insurance Department is working with other states that have 1332 waiver programs to obtain clarification from CMS about the economic impact of the Act. Since we are uncertain at this time, Leif provided analyses with and without certain elements of the Act that would pertain to program funding.

Projections for 2021

- Although the federal funding estimate is much less than original projections, the estimated eligible claim total is also estimated to be much lower than original forecast.
- Leif estimates that 15.5% of claims will be eligible for reinsurance- up from 13.6% in 2019.
- Based on the data and assumptions, the estimated reinsurance payment percentage that is expected to be paid on eligible claims total ranges from 70.5% to 79% depending on the actual impact of the American Rescue Plan Act. Thus, although the actual federal funding is now estimated to be much lower than originally anticipated, because the expected eligible claims are also lower, the reinsurance payment percentage should be close to the 74% target.

Projections for 2022

- Using the methodology described, Leif estimated federal funding for 2022.
- Most provisions of the American Rescue Plan Act were assumed to pertain. This led to an estimated enrollment increase of 2,500.
- Leif assumed the same federal funding impact of with and without waiver for 2022 as was determined for 2021.
- A suggestion was made to analyze how sensitive federal funding is to year over year premium changes. Leif will do this sensitivity analysis.
- There is uncertainty whether the American Rescue Plan Act provision eliminating the reconciliation of APTC to PTC will pertain in 2022 so Leif estimated reinsurance percentage with and without this provision applying.
- The proposed 2022 reinsurance parameters are to keep the same claim attachment point (\$60,000) and maximum per claim cap (\$400,000) with a target reinsurance payment percentage of 70% (without elimination of the APTC to PTC reconciliation). These parameters will be recommended to the NHHP Board for approval and submission to the NHID for acceptance.
- Leif analysis indicated that if the APTC to PTC reconciliation is eliminated, the target reinsurance percentage would increase to almost 73%.

Care Management Protocols

-NHHP has now received the care management protocols from every exchange carrier. These will be forwarded to the NHID as required by the Reinsurance Program Plan of Operations.

Next Meeting

Next Meeting will be targeted for end of May/ Early June. It will continue to be on a Tuesday afternoon at 3:30pm.