**Agenda**

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All Waiver Documents, Public Notices and Updates are posted on the NHID website

https://www.nh.gov/insurance/lah/nh-section-1332-waiver.htm
The NH Section 1332 State Relief and Empowerment Waiver is a joint effort between the New Hampshire Insurance Department (NHID) and the New Hampshire Health Plan (NHHP).

NHID: Commissioner Christopher Nicolopoulos
- Today’s presenter: Deputy Commissioner Alex Feldvebel

NHHP: Executive Director Michael Degnan
- NHHP is a statutorily-created nonprofit organization that ran the New Hampshire High Risk Pool.
- NHHP will be administering the NH Reinsurance Program.
New Hampshire has long had concerns about the health of the state’s individual health insurance market and historically has utilized market stabilization mechanisms to reinforce the individual market:

- **1994**: The state introduced market-wide guaranteed issue.
- **2002**: The state ended guaranteed issue in the individual market and introduced a state-based High-Risk Pool (NHHP).
- **2014-2016**: ACA included a two-year federal transitional reinsurance program.
- **1950-1994**: The state provided a tax exemption to BCBS in exchange for guaranteed issue.
- **1998**: The state created a risk subsidy mechanism to support the market.
- **2010**: The state implemented the Federal Pre-Existing Condition Insurance Plan (PCIP).
- **2020**: The state introduces a 1332 market stabilization reinsurance waiver.
Since implementation of the Affordable Care Act (ACA) in 2014, the uninsured rate in NH has dropped 5 percentage points.

2013: 10.7%
2018: 5.7%

However, more recently, several factors have caused strain on NH's individual health insurance market specifically, including:

- The elimination of the individual mandate penalty.
- Lack of funding for Cost Sharing Reductions.
- Expanded access to Short Term Limited Duration Insurance and Association Health Plans.
NH has experienced a drop in health insurers.

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There has been a decline in unsubsidized enrollment.

- **2017**: 25,000 individuals enrolled without premium assistance or 46% of total commercial individual market enrollment
- **2019**: 16,000 individuals enrolled without premium assistance or 35% of total commercial individual market enrollment
Last fall’s state budget trailer bill (HB 4) required the NHID and NHHP to explore creating a risk stabilization program for the individual market.

RSA 404-G:12

- Directs the NHID to work with NHHP to establish a market stabilization program for the individual market.
- Calls for the program to be administered by NHHP.
- Provides that the reinsurance program may be implemented if such waiver is approved by the federal government and the Joint Health Reform Oversight Committee.

RSA 404-G:12 & RSA 420-N:6-a

- Directs the NHID to apply for a Section 1332 Waiver if such action is supported by the recommendations of actuarial experts.
What is a Section 1332 Waiver?

Under the ACA, states may apply for a State Relief and Empowerment Waiver (Section 1332 Waiver; formerly known as State Innovation Waiver).

A 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

NH is seeking a 5-year waiver of Section 1312(c)(1), starting in 2021, to allow for the implementation of a state-based reinsurance program funded in part with federal pass-through funding.
Waiver Guardrails

New Hampshire will demonstrate compliance with required waiver guardrails:

**Comprehensiveness:** The waiver will not change the scope of benefits provided and will result in an increase in the number of individuals with coverage that meets the ACA’s Essential Health Benefits requirements.

**Affordability:** The waiver will reduce premiums and not impact cost sharing.

**Scope of Coverage:** Under the waiver, more Granite Staters will enroll in coverage than would be covered absent the waiver.

**Federal Deficit:** The waiver will not result in increased spending or expenses to the federal government.
Part 2: Waiver Program Overview
The NH reinsurance program will reimburse health insurance carriers based on their share of high cost claims.

**Key Features:**

- Most individual market plans will be eligible to participate (excludes grandfathered and transitional plans).
- Individuals will remain in their selected health plans and will see no change to their cost sharing, networks or benefits.
- Target Reimbursement Amount for 2021: 74%

**What is a “high-cost claim”?**
In 2021, claims between $60,000 (attachment point) and approximately $400,000 (target cap) would be eligible.
Key Features, cont.:

- Carriers will submit claims and be reimbursed based on their share of high cost claims the following year.
- Carriers must develop rates based on expected reinsurance payments, providing relief in premium costs.
- The state may amend the financial parameters annually.
- Carriers must maintain and report care management programs.
The waiver program has two funding sources:

State funding: Premium Assessment

- Applies across the health insurance market
- To be paid quarterly
- 0.6% of the prior year’s Second Lowest Cost Silver Plan without-waiver rate

Estimated to be $13.5 million in 2021

Federal pass-through funding

- Based on Advance Premium Tax Credit savings

Estimated to be approximately $33 million in 2021

The funding for the waiver program is set and will not increase based on costs. If necessary, the state will adjust the coinsurance rate and the cap to ensure payments match available funding.
By subsidizing the liability for high-cost claims, the reinsurance program will lower claims costs for carriers, which must be passed on in premium savings.

The program is expected to stabilize the market by:

• Lowering individual market projected rates by approximately 16% on average.
• Increasing enrollment of the individual market’s unsubsidized population by approximately 6%.
• Making the market more attractive to existing and possible future issuers.
Part 3: Process and Next Steps
NHID retained NovaRest Actuarial Consulting, which found that implementing a reinsurance program would result in both premium savings and increased enrollment.

NHID directed NHHP to develop a Reinsurance Plan of Operations. NHID and NHHP worked together to design the proposed reinsurance program.

The Commission on the Status of the Individual and Small Group Markets and the NHHP Board of Directors provided input into the waiver design.

The waiver draft application was developed and made public; the waiver will be submitted by NHID.
Commission on the Status of the Individual and Small Group Markets

- Created by HB 4
- Includes state legislators as well as members representing the following stakeholder communities: state residents, health insurance issuers, businesses, and health insurance brokers.
- Voting members voted to support the reinsurance program design and key features on January 27, 2020.

New Hampshire Health Plan Board

- Includes members representing the following stakeholder communities: health insurance issuers, health care providers, businesses, and health insurance brokers.
- Voted in support of the program design and key features on January 9, 2020.
Public Comment Period

- The Insurance Department hosted a 30-day public comment period (March 16, 2020 through April 15, 2020).
- Two public hearings were held using WebEx technology (March 31, 2020 and April, 2020).
- NHID received written comments from 7 organizations
  - Five of the comments offered general support for the state-based reinsurance program and the Section 1332 Waiver Application.
  - One comment expressed an interest in continuing to work with the state during development of reinsurance parameters and other reinsurance approaches to address affordability beyond premiums.
  - One comment expressed support for state-based reinsurance programs and Section 1332 Waivers but concern that an assessment on insurance market is the only source of state funding.
  - The written comments and the questions asked during the public hearings are included in the waiver application.
Joint Health Care Reform Oversight Committee

- HB 4 requires approval of the Joint Health Care Reform before the Commissioner may implement the waiver.
- The Insurance Department is seeking your vote ahead of submitting the waiver application to the federal Centers for Medicare and Medicaid Services and the federal Department of the Treasury.
Submission to CMS, Review and Implementation Timeline:

- **April 2020**
  - Waiver Submitted to CMS
  - Federal Review of Waiver
  - 30-day federal public comment period

- **Summer 2020**
  - Anticipated CMS Waiver Approval

- **January 2021**
  - Program Start (*if approved)

Interested parties may also submit comments to the federal Centers for Medicare and Medicaid Services and the federal Department of the Treasury once the waiver is filed, deemed complete and posted at: [https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers](https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers)
## Key Contacts

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Thank You

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All Waiver Documents, Public Notices and Updates are posted on the NHID website
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