



## **New Hampshire State-Based Reinsurance Program February 2020**

### **Operation of the Reinsurance Program**

The New Hampshire state-based reinsurance program will operate in a manner similar to the federal ACA Transitional Reinsurance Program operated by CMS for 2014 through 2016 benefit years. Claim data will be collected from New Hampshire individual ACA plan issuers. Reinsurance parameters will be applied to the claims for the given policy year to determine the amount of reinsurance to be reimbursed to the issuers.

### **Determination of Assessment to Provide State Amounts**

In order to secure the required state funding, New Hampshire will assess all insurance writers and insurance administrators on a per member per month basis, in accordance with its existing assessment authority. The total assessment will be 60 basis points times the prior year's age 40 2nd lowest cost Silver rate (without the impact of the reinsurance) times the projected assessment membership base. The state share of reinsurance funding for the individual market will be set at a lesser amount to allow for administrative costs and a margin for items such as mis-estimation of the projected assessment membership base.

### **Federal Pass-Through Funding**

Estimated federal pass-through funding amounts will be developed from the program modeling for the 1332 Waiver application. Actual federal funding amounts are based on calculations by the federal government based on review of the projected rate impact of the waiver (from the application), the actual rate filings, and the government's projected enrollment.

### **Determination of Projected Reinsurance Amount**

The projected amount available for reinsurance payments is calculated from the anticipated State amount and the anticipated federal pass-through funding. The proposed 2021 reinsurance parameters were established to expend all available funding. The proposed 2021 reinsurance parameters are:

- Lower threshold: \$60,000
- Upper threshold: \$400,000
- Coinsurance: 74%

The actual reinsurance parameters used will be determined based on actual claims and actual funding. NovaRest estimates that the premium reduction, net of assessment, is approximately 16%.

### **Program Projections**

The following table presents five-year projections for the program. This table assumes that the State amount is \$13.5M. Modeling results in a target individual premium reduction of approximately 16% after assessment.



**Budget Neutrality Projection, 2021-2025**

<b>Baseline</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Total On-Exchange Premium</b>	\$276,393,303	\$286,412,351	\$296,920,925	\$307,940,589	\$319,737,100
<b>Total APTC Aggregate Premium</b>	\$218,960,035	\$229,251,157	\$240,025,961	\$251,307,181	\$263,369,926
<b>Total APTC Maximum Premium Paid</b>	\$58,105,894	\$59,268,012	\$60,453,372	\$61,662,440	\$62,895,688
<b>Total APTC</b>	\$160,854,141	\$169,983,145	\$179,572,589	\$189,644,742	\$200,474,238
<b>Total PTC</b>	\$157,637,058	\$166,583,482	\$175,981,137	\$185,851,847	\$196,464,753
<b>Attachment Point</b>	<b>\$60,000</b>				
<b>Coinsurance</b>	<b>74%</b>				
<b>Maximum</b>	<b>\$400,000</b>				
<b>APTC to PTC</b>	<b>98%</b>				
<b>Assessment PMPM</b>	<b>\$2.43</b>				
<b>2<sup>ND</sup> Age 40 LCS</b>	<b>\$404.60</b>				
<b>Estimated Assessed Lives</b>	<b>490,000</b>				
<b>Total Assessment</b>	<b>\$14,288,400</b>				
<b>Est. Net Premium Reduction</b>	<b>-16%</b>				
<b>Waiver</b>					
<b>Total On-Exchange Premium</b>	\$235,857,589	\$244,251,728	\$253,056,101	\$262,292,139	\$272,181,404
<b>Total APTC Aggregate Premium</b>	\$184,124,782	\$192,782,964	\$201,843,763	\$211,330,420	\$221,473,284
<b>Total APTC Maximum Premium Paid</b>	\$58,105,894	\$59,268,012	\$60,453,372	\$61,662,440	\$62,895,688
<b>Total APTC</b>	\$126,018,888	\$133,514,952	\$141,390,391	\$149,667,980	\$158,577,596
<b>Total PTC</b>	\$123,498,510	\$130,844,653	\$138,562,583	\$146,674,621	\$155,406,044
<b>PTC Savings</b>	\$34,138,548	\$35,738,829	\$37,418,554	\$39,177,226	\$41,058,709
<b>Exchange Fee Decrease</b>	\$1,216,071	\$1,264,819	\$1,315,945	\$1,369,454	\$1,426,671
<b>Net Federal Savings</b>	\$32,922,477	\$34,474,011	\$36,102,609	\$37,807,773	\$39,632,038
<b>State Funding</b>	\$13,377,598	\$14,002,167	\$14,651,948	\$15,332,249	\$16,058,705
<b>Total Reinsurance</b>	<b>46,300,074.10</b>	<b>\$48,476,178</b>	<b>\$50,754,558</b>	<b>\$53,140,022</b>	<b>\$55,690,743</b>