

2020 Reinsurance Results and 2022 Reinsurance Parameters

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2020 Reinsurance Results – Cost and Funding

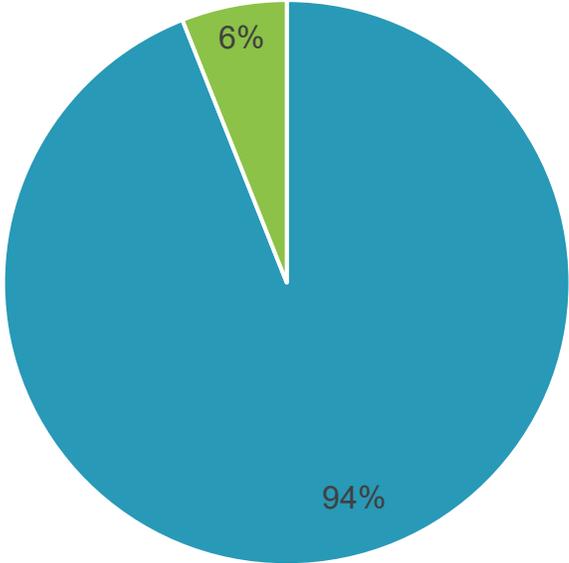
2020 Program Cost and Federal Funding

	Summer 2020 Projection (L&E)	2020 Actuals
Cost	\$378M	\$400M
Federal Funding	n/a	\$447M

2020 Reinsurance Results – Paid Claims Breakdown

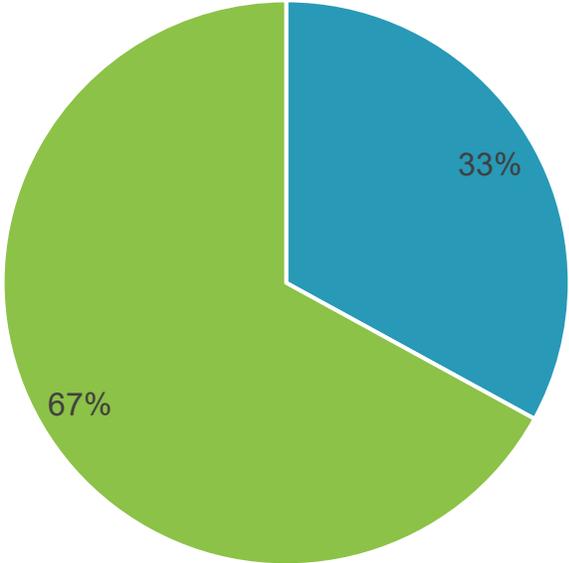
Total paid claims in 2020 were about \$1.2B

Enrollee Distribution



■ Non-SRP Enrollees ■ SRP Enrollees

Percent of Claim Dollars



■ Non SRP Enrollees ■ SRP qualified

Reinsurance Impact: Premiums Falling, Enrollment Rising

Plan Year	Individual Premium Change
2014	n/a
2015	10%
2016	18%
2017	21%
2018	50%
2019	-13%
2020	-10%
2021	-12%

Enrollment Type	March 2020	March 2021	Change
Subsidized On-Exchange	120,000	122,000	2%
Unsubsidized On-Exchange	28,000	38,000	36%
Off-Exchange	52,000	59,000	13%
Total	200,000	219,000	9%

2022 Reinsurance Parameters

SRP Parameters - Regulatory Requirements

Each year, the Board is required to set the payment parameters for the reinsurance program:

1. An attachment point;
2. A coinsurance rate;
3. A reinsurance cap; and
4. A market-level dampening factor provided by the Commissioner, if determined necessary by the Board.

Modeling Updates since Proposed Parameters

Lewis & Ellis updated their modeling in several ways:

- Collected updated 2020-2021 claims experience data from individual market carriers
- Collected updated information for projection assumptions
- Compared current results to prior projections to refine model, adjusted “without reinsurance” modeling to better mimic CMS’s methodology to improve pass-through funding estimate

Final 2022 SRP Parameters – Staff Recommendation

- MHBE staff recommend no change to the attachment point, coinsurance, and cap established for the 2019 and 2020 State Reinsurance Program.
- MHBE staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019	Final 2020	Recommended 2021
Attachment Point	\$20,000	\$20,000	\$20,000
Coinsurance Rate	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000
Dampening Factor	.800	.785	Yes

Projected 2022 SRP Fund Expenses and Funding*

	2022 Est.
SRP Cost	\$491,646,596
Budget Transfer**	\$100,000,000
Young Adult Subsidy**	\$20,000,000
Federal Funding	\$289,191,236
State Funding	\$118,896,671
End of Year Balance – Federal	\$0
End of Year Balance – State	\$256,402,313

*Data from Lewis & Ellis 10-year projections as of 7/14/12. Assumes implementation of recommended parameters.

**Funding drawn from state funds only.



Board Action

Board Action Required

Staff requests that the Board approve the final parameters for the 2022 State Reinsurance Program as follows: an attachment point of \$20,000, a coinsurance rate of 80%, a cap at \$250,000, and a dampening factor to be provided by the Insurance Commissioner.

Thank you!



Appendix

The background features a teal color with four overlapping, light blue circular shapes arranged in a cross pattern, centered around the text.

Actual & Projected SRP Fund Expenses and Income: American Rescue Plan Ends After 2022

	2019	2020	2021 Est.	2022 Est.	2023 Est.
SRP Cost	\$352,798,597	\$400,106,654	\$432,632,395	\$491,646,596	\$505,995,722
Budget Transfer*			\$100,000,000	\$100,000,000	
YA Subsidy*				\$20,000,000	\$20,000,000
Health Equity*					\$15,000,000
Fed. Funding	\$373,395,635	\$447,277,359	\$367,607,761	\$289,191,236	\$243,752,593
State Funding	\$326,889,258	\$118,517,416	\$112,591,545	\$118,896,671	\$125,554,885
End of Year Balance – Fed.	\$20,159,489	\$67,270,190	\$0	\$0	\$0
End of Year Balance - State	\$326,606,485	\$345,123,901	\$357,715,445	\$256,402,313	\$84,714,069

*Can only be funded with state dollars.

Data from Lewis & Ellis 10-year projections as of 7/14/21.

Actual & Projected SRP Fund Expenses and Income: American Rescue Plan Continues After 2022

	2019	2020	2021 Est.	2022 Est.	2023 Est.
SRP Cost	\$352,798,597	\$400,106,654	\$432,632,395	\$491,646,596	\$514,515,711
Budget Transfer*			\$100,000,000	\$100,000,000	
YA Subsidy*				\$20,000,000	\$20,000,000
Health Equity*					\$15,000,000
Fed. Funding	\$373,395,635	\$447,277,359	\$367,607,761	\$289,191,236	\$309,725,071
State Funding	\$326,889,258	\$118,517,416	\$112,591,545	\$118,896,671	\$125,554,885
End of Year Balance – Fed.	\$20,159,489	\$67,270,190	\$0	\$0	\$0
End of Year Balance - State	\$326,606,485	\$345,123,901	\$357,715,445	\$256,402,313	\$142,166,558

*Can only be funded with state dollars.

Data from Lewis & Ellis 10-year projections as of 7/14/21.