

# DEPARTMENT OF HEALTH AND SOCIAL SERVICES (DHSS)



June 22, 2020

## DE 1332 STATE INNOVATION WAIVER PUBLIC FORUM

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Delaware Health Care Commission

# BACKGROUND

- Forum is required pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c)
- Delaware Department of Health and Social Services (DHSS) will host forum annually
- Provide public with an opportunity to give meaningful comment on the progress of the Section 1332 Waiver thus far



**Between 2015 and 2019, enrollment decreased by 34% and the average premium Per Member Per Month (PMPM) increased by 113% in Delaware’s Individual Market**

**Delaware Individual Market Membership and Premium – 2015 to 2020**

	2015	2016	2017	2018	2019	Estimated 2020*
Average Monthly Members	35,500	34,400	28,700	23,400	22,900	24,100
Premium	\$165,322,000	\$192,800,000	\$200,270,000	\$215,340,000	\$231,230,000	\$193,070,000
Average Premium PMPM	\$388	\$459	\$556	\$743	\$826	\$666

\*Estimated as of May 2020 based on enrollment through March; reinsurance program effective date was January 1, 2020

## **Legislation was passed to authorize the 1332 waiver application and secure a funding for the reinsurance program**

- Senate Concurrent Resolution 70 (SCR 70) was passed on June 28, 2018 and authorized the State's 1332 waiver application
  
- House Bill 193 (HB 193) was passed on June 20, 2019, and established the state-based reinsurance program and securement of a funding source for that program
  - ❖ Per HB 193, the reinsurance program will be funded with pass-through funds received from the federal government under the Affordable Care Act (ACA) and through a 2.75% annual assessment based on each insurance carrier's premium that is subject to state premium tax
  
  - ❖ In the event that Congress reinstates the Health Insurance Providers Fee defined under §9010 of the ACA for a particular calendar year, the annual assessment is reduced to 1.00% of each insurance carrier's premium that is subject to state premium tax
  
  - ❖ For plan year 2020, the assessment was equal to 1.00%; for plan year 2021 the assessment will be equal to 2.75%

## **DHSS submitted its 1332 waiver application on July 10, 2019 and application was approved on August 20, 2019**

- Following a 30 day public comment period which began on May 30, 2019, DHSS submitted the State's 1332 waiver application on July 10, 2019
- In the waiver application, DHSS requested a waiver of the ACA single risk pool requirement in order to allow insurers to adjust their individual premium rates to account for a reinsurance program
- On July 18, 2019, DHSS received notice from the U.S. Department of Health and Human Services (HHS) that the waiver was deemed complete, starting the 30-day federal public comment period
- HHS approved Delaware's 1332 Waiver application on August 20, 2019
- The 1332 Waiver approval allows DHSS to operate a 5-year reinsurance program, effective January 1, 2020

## In approving the application, HHS concluded that the Reinsurance Program complies with all four 1332 waiver guardrails

1. **Comprehensive of coverage:** Delaware's 1332 waiver does not in any way seek to alter the requirements of coverage under state mandated benefits or under the ACA's required coverages.
2. **Affordability of coverage:** Delaware's 1332 waiver does not require or encourage issuers to alter cost-sharing designs or network coverage and established lower premium rates. In addition, by establishing a reinsurance program to lower rates, Delaware's 1332 waiver reduces premium contributions made by a number of individuals (e.g., those individuals who do not receive premium tax credits) and reduces the cost of comprehensive health insurance in the Individual market.
3. **Scope of coverage:** Delaware's 1332 waiver is expected to result in an increase in membership in the individual ACA market due to the reduction in rates resulting from the reinsurance program. Actuarial analyses and projections estimated that the number of individual market enrollees would increase by about 2.3% over baseline assumptions for the 2020 plan year.
4. **Deficit neutrality:** Delaware's 1332 waiver does not increase the federal deficit or federal revenues or outlays.

## The program reduced member premiums in the individual market by approximately 13.8% in 2020 relative to if no Reinsurance Program were in place

- All insurers offering coverage in the individual ACA market are eligible to participate in the program
- The reinsurance program will reimburse a portion of an insurer's paid claims in the event the insurer's paid claims for a particular member fall between established payment parameters
  - ❖ For 2020, the payment parameters are as follows:
    - Attachment point: \$65,000
    - Coinsurance rate: 75%
    - Reinsurance cap: \$215,000

*Example:* For 2020, the program would reimburse \$26,250 to an insurer for a member that incurred \$100,000 in paid claims (i.e.,  $[\$100,000 - \$65,000] \times 75\% = \$26,250$ )

- The reinsurance program is projected to cost a total of \$26.9 million for 2020
  - ❖ Federal pass-through funding for the program will be equal to \$21.7 million and the remainder of the cost will be funded through the annual assessment which was established by HB 193

**For 2021, the program is expected to reduce member premiums in the individual market by approximated 16.0% relative to if no reinsurance program were in place**

- For 2021, the anticipated payment parameters are as follows:
  - Attachment point: \$65,000
  - Coinsurance rate: 80%
  - Reinsurance cap: \$335,000
  
- The reinsurance program is projected to cost a total of \$39.3 million for 2021
  - Federal pass-through funding for the program is projected to be equal to \$25.5 million and the remainder of the cost is expected to be funded through the annual assessment which was established by HB 193



# Public Comment

Written comments can be submitted to the Delaware Health Care Commission  
[DHCC@delaware.gov](mailto:DHCC@delaware.gov)

Please send comments by close of business Friday, June 26, 2020.





THANK YOU