



# 1332 Waiver Application

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*Submitted by:*

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## Executive Overview

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### Request

The State of Montana, through its Governor, Commissioner of Securities and Insurance (Commissioner) and Montana Reinsurance Association Board of Directors (Board), submits this Section 1332 State Innovation Waiver request to the Centers for Medicare & Medicaid Services (CMS), a division of the United States Department of Health and Human Services (HHS), and the Department of the Treasury. This request seeks the Waiver of Section 1312(c)(1) under Section 1332 of the Affordable Care Act (ACA) for a period of five years beginning in the 2020 plan year to develop a state reinsurance program. This Waiver will not affect any other provision of the ACA but will result in a lower market-wide index rate, thereby lowering premiums and reducing the federal cost of the premium tax credit (PTC) and advance payments of the PTC (APTC).

### Basis for Request and Goal of Reinsurance Program

During the last few years, Montana's individual health insurance market has experienced substantial instability. Since 2014, individual health insurance premiums have increased significantly. The average monthly premium cost of the second lowest cost silver plan for a 40-year-old non-smoker increased from \$253 in 2014 to \$561 in 2019. The U.S. average second-lowest cost silver rate for a 40-year-old in 2019 is \$477.<sup>1</sup> The rate increases started in 2016. In 2014 and 2015, Montana's premiums were below the average U.S. rate. Insurers experienced significant losses in 2014 and 2015, and as a result, had to raise premiums significantly in 2016. The largest increases occurred in 2017, because of continuing losses in 2016, but also because the federal transitional reinsurance program ended. When the federal reinsurance program ended, premiums increased by an estimated 7% because of that factor alone.<sup>2</sup> In 2018, premiums increased significantly for silver plans because the federal government stopped reimbursing insurers for the cost-sharing reduction benefit. Individuals who do not qualify for significant tax credits are now struggling to pay those premiums.

Experts have identified some of the causes of these premium increases, in addition to those mentioned above, including 2014 premiums that were set too low; pent-up demand from the previously uninsured; more enrollees with high-cost conditions than originally predicted; and high health care costs, especially rising prescription drug prices.

The individual health insurance market in Montana covers a small percentage (in 2019, approximately 5 %) of the population in comparison to other types of health care coverage, but it

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<sup>1</sup> <https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>2</sup> <https://www.actuary.org/content/drivers-2017-health-insurance-premium-changes-0>

provides a critical safety net.<sup>3</sup> This population generally consists of early retirees, the self-employed, part-time employees or employees of small employers that do not offer a health plan and young adults aging-off of their parents' plan. Many people find themselves needing individual health insurance coverage at some point in their life, but sometimes only for a short period of time when they are transitioning from or to another type of coverage. This means that a certain percentage of the individual market will always be transitory and that constant churn also creates pricing uncertainty.

Approximately 33% of Montanans are 55 or older.<sup>4</sup> Health insurance premiums spike at that age. An individual who is 55 pays a premium that is 2.23 times higher than a 21-year-old, and at 64, the rate increases to 3 times the 21-year-old rate.<sup>5</sup> Montana has an aging population and is among the top ten states with the oldest population. By age 55, most individuals do not have dependents and therefore often have a higher Federal Poverty Level (FPL) and are less likely to qualify for PTCs. In the individual market in Montana, the 55 to 64 age category continues to have the largest number of enrollees.<sup>6</sup> Montanans age 50 to 64 are often the ones who feel the full impact of individual market premium increases. Because they do not usually have dependents, their income level is often higher, and therefore, they do not qualify for premium assistance.

Montana is fortunate to have three health insurers offering coverage in the Exchange; the same three insurers offered Exchange coverage in 2014. Montana has an administrative rule that requires Exchange insurers to sell across the whole state. However, enrollment in the individual market has dropped 35.5 percent between 2016 and 2019. Even more significant, the "off" exchange enrollment where individuals do not receive PTC dropped 64 percent between 2016 and 2019.<sup>7</sup> If enrollment continues to drop, it will be difficult to maintain this level of competition in the individual health insurance market because the "pie" will be too small to carve up. Less competition generally leads to higher rates. Many Montanans are finding coverage unaffordable, and some are forced to drop coverage.

The creation of a state reinsurance program through a section 1332 Waiver will bring more stability to Montana's individual health insurance market through state-based innovation. By reimbursing insurers for high-cost claims, the reinsurance program will spread risk across the broader Montana health insurance market, thereby lowering premiums and increasing access

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<sup>3</sup> <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>4</sup> <https://www.kff.org/other/state-indicator/distribution-by-age/?dataView=0&currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22montana%22:%7B%7D%7D,%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>5</sup> <https://www.valuepenguin.com/how-age-affects-health-insurance-costs#nogo>

<sup>6</sup> 2018 and 2019 Reports on Health Coverage and Montana's Uninsured; <http://reinsurance.mt.gov/>

<sup>7</sup> 2018 and 2019 Reports on Health Coverage and Montana's Uninsured; <http://reinsurance.mt.gov/>

to affordable private coverage. Increased enrollment will assist with maintaining competition and stabilizing the risk pools, which will lower rates.

### **Operation, Funding, and Impact of the Montana Reinsurance Program**

Senate Bill (SB) 125 authorized the Waiver and was signed into law on April 30, 2019. It establishes a reinsurance program to be administered by the Montana Reinsurance Association Board of Directors (Board) and the Commissioner of Securities and Insurance (Commissioner). Total funding for the reinsurance program for 2020 is estimated to be approximately \$34.5 million. The program will be funded through a 1.2% assessment on major medical health insurance premiums, as authorized by Section 8 of SB 125. Section 18 of the bill makes the operation of the reinsurance program contingent on approval of this Waiver request. Through this Waiver request, Montana seeks federal pass-through funds to partially offset state expenditures.

The reinsurance program will reimburse qualifying individual health insurers for a percentage of an enrollee's claims between an attachment point and a cap, subject to coinsurance. Section 9 of the bill provides that the attachment point cannot be less than \$40,000, the coinsurance must be between 50% and 80%, and the cap cannot be more than \$1,000,000. The Board has set the program's reinsurance parameters in the Plan of Operation that must be established by June 15, 2019. In 2020, the program will likely reimburse 60% of claims between the attachment point of \$40,000 and the estimated \$101,750 cap. Based on final funding and reinsurance claims submitted, Montana reserves the right to alter the cap and/or coinsurance. Montana estimates that the reinsurance program, as part of the Waiver proposal, will result in a net premium decrease of 8.0% in 2020 with similar or higher impacts in future years.

### **Compliance with Section 1332**

Montana's Waiver, if approved, will reduce premiums and increase affordability of health insurance in Montana's non-group health insurance market. We estimate that, as a result, enrollment in the individual market will increase by approximately 1% in 2020 and in each future year of the program. The Waiver will not impact the comprehensiveness of coverage in Montana, except insofar as individuals with coverage have more comprehensive coverage than those without. The Waiver will have no material impact on premiums, comprehensiveness, or enrollment in group coverage or public programs. The reduction in individual health insurance premiums, including premiums for the second-lowest-cost silver plan, will reduce net federal spending by an estimated \$22 million in 2020 and \$295 million over the ten-year window. The state requests federal pass-through funding for each year in the amount of the federal savings. Accordingly, the Waiver will not increase the federal deficit in any year of the Waiver. In addition, the Waiver will advance several of the principles described in the section 1332

guidance released in October 2018, including expanding access to private coverage and supporting and empowering those in need.

### 2020 High-Level Guardrail Results

Guardrail	Effect of Waiver
Coverage	Increase in enrollment
Affordability (2020)	Relative premium decrease of 6.4% to 9.0%
Comprehensiveness	No change to EHBs
Deficit Neutrality (2020)	Federal savings of \$16.5 million to \$25.8 million
Deficit Neutrality (10-year)	Federal savings each year of 10-year window

## I. Montana 1332 Waiver Request

Montana’s individual health insurance market, like others across the country, has been through significant changes and challenges in the past few years. Montana’s health insurance market continues to be relatively competitive, but premiums have risen substantially and enrollment is decreasing every year, despite the state’s efforts to work collaboratively with Montana’s health insurers to ensure a stable and adequately priced market with multiple plan options offered throughout the state.

Montana seeks a Waiver of Section 1312(c)(1) under Section 1332 of the ACA for a five-year period beginning in the 2020 plan year to develop a state reinsurance program. The Waiver is intended to further stabilize the individual market, reduce rates, and encourage insurance companies to continue offering more plan choices throughout the entire state.

Section 1312(c)(1) requires “all enrollees in all health plans . . . offered by [an] issuer in the individual market . . . to be members of a single risk pool.” This application calls for waiving the single risk pool requirement to the extent it would otherwise require excluding expected state reinsurance payments when establishing the market-wide index rate. A lower index rate will result in lower premiums for Montana’s second lowest-cost silver plan, resulting in a reduction in the overall APTC that the federal government is obligated to pay for subsidy-eligible consumers in Montana. The Waiver does not require changes to any other ACA provision.

Without a reinsurance program, individual health insurance premiums will continue to rise at an unsustainable rate. Consequently, more Montana residents will choose or be forced to go without health insurance, further driving up rates due to adverse selection and provider cost shifting. By implementing a reinsurance program, Montana will reduce the potential for further market disruption, lower the cost of individual premiums, and decrease federal subsidy obligations.

**Table 1: Summary of Waiver Scenarios**

Scenario	1 – Best Estimate	2	3	4	5	6
Baseline Enrollment Decrease	Medium	Minimum	Large	Minimum	Medium	Medium
OTA Assumptions Align with Issuers' Assumptions	Yes	Yes	Yes	No (Lower)	Yes	No (Higher)
SLCP Impact Lower than Market Average	No	No	No	No	Yes	No
Total Funding For Reinsurance claims (millions)	\$34.5	\$33.6	\$35.9	\$29.3	\$28.9	\$38.2
Total Reduction in Premiums	-8.0%	-7.5%	-8.6%	-6.4%	-6.5%	-9.0%
Estimated Net Federal Savings (millions)	\$22.1	\$21.2	\$23.5	\$16.9	\$16.5	\$25.8
Estimated State Funding (millions)	\$12.4	\$12.4	\$12.4	\$12.4	\$12.4	\$12.4

By mitigating high-cost individual health insurance claims, the reinsurance program will help to stabilize Montana’s individual market and make premiums more affordable. Table 1 above shows that, with the Waiver and reinsurance program in place, individual market premiums, including premiums for the second lowest cost silver plan, are expected to be 5% and 10% lower in 2020 than they would be absent the Waiver. This premium reduction will reduce federal APTC and PTC cost. As the actuarial and economic analysis shows, absent the Waiver, 2020 federal APTC and PTC spending in Montana will be an estimated \$16.5 million to \$25.8 million higher. Similar and higher savings are estimated for each year of the 10-year budget window.

To establish the state’s reinsurance program, Montana seeks federal pass-through funds in the amount of the federal savings for APTC and PTC, subject to the cap imposed by the statutory deficit neutrality requirement. Table 1 shows that, taking into account the Waiver’s impact on federal revenues, including the Federal exchange user fee, Montana requests pass-through funding between \$16.5 million and \$25.8 million in 2020.

## **II. Compliance with Section 1332 Guardrails**

### **A. Scope of Coverage Requirement (§1332(b)(1)(C)):**

As previously noted, the Waiver will reduce the cost of coverage in the individual market. The lower cost of coverage will allow more Montana residents to purchase or maintain coverage in the individual market than without the Waiver. Enrollment in the individual market is expected to increase by approximately 1% in 2020, with similar increases in later years. The Waiver will



have no material impact on the availability of other types of coverage, such as Medicaid, CHIP, and employer-based insurance, so no impact is expected on the number of individuals with those types of coverage. The Waiver will have a positive impact on vulnerable populations who buy coverage in the individual market, since premiums will be lower.

#### **B. Affordability Requirement (§1332(b)(1)(B)):**

As noted above, the reinsurance program will make the premium cost of individual coverage up to 9% lower in 2020 than it would be absent the Waiver, and the premium will continue to be lower than it otherwise would have been during each subsequent year of the Waiver. Other out-of-pocket spending such as deductibles and co-insurance will not increase and federal protections against excessive out-of-pocket spending will remain the same. The Waiver will not affect the premiums or cost-sharing for coverage obtained through other means, such as Medicaid, CHIP, and employer-based coverage. Although employer group health insurers will be subject to a 1.2% annual assessment to fund the Waiver, employer contributions and employee wages are not expected to be affected by the Waiver. The Waiver will have a positive impact on populations who buy coverage in the individual market, especially individuals who do not have access to employer coverage or other forms of premium assistance, since premiums will be lower. The individual health insurance market will continue to be an affordable safety net for individuals who leave employer coverage and other forms of public coverage.

#### **C. Comprehensiveness Requirement (§1332(b)(1)(A)):**

The Waiver will have no material effect on the comprehensiveness of coverage for Montana residents. Regardless of whether the Waiver is granted, all Montana ACA-compliant individual market and small employer group plans will be required to provide coverage of essential health benefits within the meaning of section 1302 of the ACA. Similarly, the scope of benefits provided by other types of coverage such as Medicaid, CHIP, and grandfathered plans will not be impacted. The Waiver is expected to increase the number of individuals with health coverage. Individuals gaining health coverage under the Waiver will have coverage for more comprehensive health benefits than they would absent the Waiver.

#### **D. Deficit Neutrality Requirement (§1332(b)(1)(D)):**

As stated above, Montana anticipates that individual premiums, including premiums for the second-lowest-cost silver plan, will be lower under the Waiver by 6.4% to 9% in 2020 and lower by similar amounts each year over the ten-year window. Because federal APTC and PTC cost are tied to the second-lowest-cost silver plan, these lower premiums will result in lower federal spending net of revenues in each year of the Waiver. Lower premiums in the individual market will also result in a small reduction in revenues from the federal exchange user fee in each year of the Waiver.<sup>8</sup> Combining these factors, the Waiver will produce net federal savings of about

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<sup>8</sup> Montana uses the Federally-facilitated Exchange and therefore pays a user fee to the federal government, like other states that participate in the Federally-facilitated Exchange.

\$22 million in 2020 and similar amounts in later years. Montana requests pass-through funds in each year equal to the expected APTC/PTC savings, not to exceed net expected savings under the Waiver. As will be shown in the actuarial and economic analysis, we believe that the program would result in federal savings of \$16.5 to \$25.8 million in the first year of the program and comparable, if not larger figures for each subsequent year of the waiver. Granting pass-through funding in these amounts will not result in the Waiver increasing the federal deficit in any year, over the 5 years of the Waiver, or over a 10-year budget window.

### **III. Description of Montana's 1332 Waiver Proposal**

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#### **A. Authorizing Legislation**

Montana Senate Bill 125,<sup>9</sup> which establishes the reinsurance program and gives the Montana Reinsurance Association Board (Board) and the Commissioner of Securities and Insurance the authority to implement a section 1332 Waiver for a reinsurance program, was signed into law by Montana's governor on April 30, 2019. The goal of SB 125 is to stabilize premiums for health insurance in the non-group market and provide greater financial certainty to health insurers and health insurance consumers.

SB 125 requires the Board and CSI to establish reinsurance program requirements, including the reinsurance program attachment point, coinsurance rate, reinsurance cap, and payment processes, in the plan of operation for the Montana Reinsurance Association and by administrative rule. The bill also gives the Board, the Commissioner, and the Governor the joint authority to apply for a federal Waiver to carry out the reinsurance program.

The reinsurance program will reimburse qualifying individual market health insurers for a proportion (coinsurance amount) of high-cost enrollee claims between a lower bound (attachment point) and an upper bound (cap). For 2020, Montana estimates that the reinsurance cap will be \$101,750, the coinsurance 60%, and an attachment point of \$40,000. The reinsurance parameters will be set so that total estimated reinsurance payments match the funding available. If 2020 experience is worse than expected and the funding is not sufficient, Montana will change the reinsurance parameters (the cap and/or the coinsurance) in a way that will decrease reinsurance payments. If the 2020 experience is better than expected, Montana will retain the funds in reserve for future payouts.

SB 125 also creates a funding source consisting of a 1.2% annual assessment on major medical health insurance premiums. This funding source is contingent on Waiver approval.

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<sup>9</sup> A copy of SB 125 can be found at <http://reinsurance.mt.gov/>.

## **B. Federal Pass-Through Funding**

The Waiver is designed to improve Montana residents' access to affordable and comprehensive coverage. The goals of the reinsurance program are to spread the risk of high-cost claimants across the broader health insurance market, thereby lowering premiums for the individual market. In doing so, the reinsurance program will incentivize individual enrollees to join or remain in the market, encourage insurer participation, and reduce overall instability.

Because the amount of PTC available for eligible consumers is tied to the second-lowest-cost silver plan available through the federally-facilitated Exchange in Montana, the Waiver will reduce net federal expenditures due to APTC and PTC. Through this Waiver request, Montana seeks the amount of these federal savings, net of other costs that result from the Waiver. Montana will use these funds to help pay for the reinsurance program.

## **IV. Draft Waiver Implementation Timeline**

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The Board and the Commissioner will be responsible for implementing the reinsurance program. The Board will promulgate the program's operating processes, requirements, payment parameters, and procedures through the Montana Reinsurance Association's Plan of Operation, and the Commissioner will approve the Plan of Operation and promulgate administrative rules, if necessary. The Commissioner will collect program funds from assessments on insurers.

- 04/30/19: Legislation authorizing the Waiver application is signed into law and is effective. The Act applies retroactively to premiums collected by health insurers on or after January 1, 2019 for the purpose of determining the 2020 assessment amounts.
- 04/30/19: The Board members are appointed.
- 05/08/19: As required by statute, the Board meets for the first time to review the draft Waiver application, make decisions regarding their organizational structure and discuss initial reinsurance parameters for the Plan of Operation and costs relating to the 1332 Waiver application.
- 05/15/19: The draft Waiver application is posted. The public hearing dates are announced and the public comment period begins. Invitations to the Tribal consultation are delivered to tribal leaders.
- 06/04/19: First public hearing is held.
- 06/10/19: The Board levies an initial "seed money" assessment on the three individual market health insurers to pay for costs associated with submission of the Waiver.

- 06/15/19 Adopt Plan of Operation, including reinsurance parameters for 2020.
- 06/17/19: Second public hearing is held.
- 06/17/19: Separate tribal consultation occurs.
- 06/17/19: The public comment period ends.
- 06/19/19: The final 1332 Waiver application is submitted to the federal government.
- 07/01/19: The federal government determines that the Waiver application is complete. \*  
30- day federal public notice and comment period begins per 45 CFR 155.1316.
- 08/01/19: End of federal public notice and comment period per 45 CFR 155.1316.\*
- 08/15/19: The federal government approves the Waiver. \*
- 08/15/19: The Board hires an administrator for the reinsurance program. \*
- 01/01/20: The 1332 Waiver is in effect. \*
- 04/01/20: The Board submits its first quarterly report for 2020 to the federal government under 45 CFR 155.1324(a).
- 04/30/20: Federal funds under the Waiver become available.
- 05/01/20 Deadline for amending reinsurance parameters and Plan of Operation for 2021.
- 06/10/20: The Board, the Governor, and CSI hold a six-month public forum required by 45 CFR 155.1320(c). \*
- 06/30/20: Annual solvency and compliance review of Montana Reinsurance Association and reinsurance program must be submitted to the Commissioner and the economic affairs committee of the Legislature for review.  
  
Annual report on operations and finance must be submitted to economic affairs interim committee of the Legislature and the Commissioner.
- 07/01/20: The Board submits its second quarterly report for 2020 to the federal government under 45 CFR 155.1324(a).

- 11/01/20: The Board submits its third quarterly report for 2020 to the federal government under 45 CFR 155.1324(a).
- 12/15/20: Insurers pay assessments to the state to fund the reinsurance program for 2020, based on 2019 premium volume, no later than 12/15/20.
- 01/01/21: The 1332 Waiver is in effect for 2021.
- 04/01/21: The Board submits first draft annual report (for 2020) to the federal government per 45 CFR 155.1324(b) and (c). \*
- Federal funds under the Waiver for 2021 become available.
- 04/01/21: The Board submits its first quarterly report for 2021 to the federal government per 45 CFR 155.1324(a).
- 04/30/21 The Board publishes draft annual report for 2020 on its website under 45 CFR 155.1324(c)(2).
- 05/01/21 Deadline for amending reinsurance parameters and Plan of Operation for 2022.
- 05/15/21: The eligible insurers submit all 2020 claims to the reinsurance board for reimbursement by this date.
- 06/09/21: The Board, CSI, and the Governor hold annual public forum required by 45 CFR 155.1320(c). \*
- 07/01/21: The Board submits its second quarterly report for 2021 to the federal government per 45 CFR 155.1324(a).
- The Board submits final annual report for 2020 to federal government per 45 CFR 155.1324(c)(1).
- 08/15/21: The Board pays all applicable reinsurance payments for 2020 to each eligible insurer by this date.

- 08/31/21: The Board publishes final annual report for 2020 on its website per 45 CFR 155.1324(c)(2)
- 11/01/21: The board submits its third quarterly report for 2021 to the federal government per 45 CFR 155.1324(a).
- 12/15/21: Insurers pay all (or remaining) assessments to the state to fund the reinsurance program for 2021, based on 2020 premium volume, no later than 12/15/21.

- Dates marked with an \* are estimated dates.

## **V. Additional Information and Reporting**

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### **A. Administrative Burden**

Waiver of Section 1312(c)(1) of the ACA will cause minimal administrative burden and expense for Montana and for the federal government. The Waiver will cause no additional administrative burden to employers and individual consumers because Section 1312(c)(1) does not relate to the administrative functions or requirements typically undertaken by employers or individuals. Major medical health insurers will experience some administrative burden and associated expense as a result of the reinsurance program; however, the benefit to the overall health insurance market from the program will far exceed any resulting administrative expense.

The Montana Reinsurance Association and the state of Montana have the resources and staff necessary to perform the following administrative tasks that the Waiver will require the state to complete, including:

- Administer the reinsurance program
- Distribute federal pass-through funds to eligible issuers
- Monitor compliance with federal law
- Collect and analyze data related to the Waiver
- Perform reviews of the implementation of the Waiver
- Hold annual public forums to solicit comments on the progress of the Waiver
- Submit annual reports (and quarterly reports if ultimately required) to the federal government

The Waiver will require the federal government to perform administrative tasks, including:

- Review documented complaints, if any, related to the Waiver
- Review state reports
- Periodically evaluate the state's section 1332 Waiver program
- Calculate and facilitate the transfer of pass-through funds to the state

Montana believes that the above administrative tasks are similar to other administrative functions currently performed by the federal government, so that their impact is minimal. Waiver of Section 1312(c)(1) does not necessitate any changes to the federally-facilitated Exchange or to IRS operations and will not impact how APTC and PTC payments are calculated or paid.

### **B. Impact on Residents Who Need to Obtain Health Care Services Out-of-State**

Because Montana shares borders with North Dakota, South Dakota, Wyoming and Idaho, insurer service areas and networks that cover border counties generally contain providers in those states, especially in areas where the closest large hospital system is located in the border state. Granting this Waiver request will not impact insurer networks or service areas that provide coverage for services performed by out-of-state providers.

### **C. Ensuring Compliance and Waste, Fraud and Abuse Requirements**

The Commissioner is responsible for regulating and ensuring regulatory compliance and monitoring the solvency of all issuers; performing market conduct analysis, examinations, and investigations; and providing consumer outreach and protection. The Commissioner investigates all complaints that fall within the agency's regulatory authority.

The Board will prepare comprehensive financial accounting statements annually. Financial statements for the reinsurance program will be reviewed annually by the Commissioner and audited as needed by the Legislative Auditor. The Board will administer the reinsurance program in accordance with its existing accounting, auditing, and reporting procedures. Auditing and reporting obligations of participating insurers will be established in the Plan of Operation.

The Montana Reinsurance Program will be examined annually by the Commissioner. The reinsurance program will also be subject to audit by the Legislative Auditor. The federal government is responsible for calculating the savings resulting from this Waiver and for ensuring that this Waiver does not increase the federal deficit.

### **D. State Reporting Requirements and Targets**

The Board will assume responsibility for the reporting requirements of 45 CFR 155.1324, including the following:

- Quarterly reports (45 CFR 155.1324(a)): To the extent required, the Board will submit quarterly reports to the federal government, including reports of ongoing operational challenges, if any, and plans for, and results of, associated corrective actions.
- Annual reports (45 CFR 155.1324(b)): The Board, with the assistance of the Commissioner, will submit annual reports to the federal government documenting the following:

- (1) The progress of the Waiver.
- (2) Data, similar to that contained in Attachment 1, on compliance with Section 1332(b)(1)(B) through (D) of the ACA.
- (3) Modifications, if any, to the essential health benefits for compliance with Section 1332(b)(1)(A) of the ACA.
- (4) The premium for the second lowest-cost silver plan under the Waiver and an estimate of the premium as it would have been without the Waiver for a representative consumer in each rating area.
- (5) A summary of the annual post-award public forum required by 45 CFR 155.1320(c), together with a summary of action taken in response to public input.
- (6) Any additional information required by the terms of the Waiver.

To the extent that quarterly reporting to the federal government is required under 45 CFR 155.1324(a), such reporting will commence as outlined in the state's terms and conditions of the waiver approval. The Board will submit and publish annual reports by the deadlines established in 45 CFR 155.1324(c) or the deadlines established by the terms of the Waiver.

The Board will submit and publish annual reports by the deadlines established in 45 CFR 155.1324(c) or the deadlines established by the terms of the Waiver.

## **VI. Supporting Information and Miscellaneous**

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### **45 CFR 155.1308(f)(4)(i) – (iii)**

The supporting information required by 45 CFR 155.1308(f)(4)(i) – (iii), including the actuarial analyses and certifications, the economic analyses, the detailed deficit-neutral 10-year budget plan, and the data and assumptions demonstrating that the proposed Waiver is in compliance with section 1332(b)(1)(A) – (B) are found in Attachment 1.

## **VII. Public Comment and Tribal Consultation**

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### **A. Public Comment**

In the fall of 2017, the Montana Health Care Foundation (MHCF) agreed to fund research, including Montana specific data analysis to determine the extent to which a state-based reinsurance program, secured through a section 1332 Waiver, would stabilize the individual health insurance market in Montana by lowering premiums without eliminating benefits. MHCF contracted with a health policy consultant to provide information on section 1332 Waivers and to study Waivers that had already been approved in several other states. MHCF also contracted with an actuarial firm to collect the 2017 EDGE server data and then write a report that projected the state share of the cost of the program, the possible federal pass-through dollars that may be obtained and impact on current premiums. Stakeholders from across the state, including insurers, healthcare providers, consumer advocates, the insurance commissioner, legislators, and



other government officials were invited to attend a “data-driven” conversation about reinsurance on July 23, 2018. Documents and research presented at that meeting can be found on this website: <http://reinsurance.mt.gov/>

The state held a tribal consultation in October 2018 and presented data and information about the reinsurance proposal to tribal leaders. As a result of these meetings, the information and data presented there, and input from stakeholders around the state, a smaller work group was formed which met several times in the fall of 2018 to draft legislation that was introduced in the 2019 Montana legislative session.

On May 15, 2019, a notice of the opportunity to comment on Montana’s draft section 1332 Waiver application was posted on the following state government website:

<http://reinsurance.mt.gov/> On the same date, emails were sent to interested parties and stakeholders. In addition, public notices announcing the hearing were placed in the major newspapers across the state.

On June 4, 2019, from 11:00 AM MDT to 12:00 PM MDT, a public hearing was held at the Butte-Silver Bow County Building, 155 W. Granite Street, Rm. 103, Butte, MT 59701. No comments were submitted at that meeting. No members of the public attended. On June 17, 2019, from 1:30 PM MDT to 3:00 PM MDT, a second public hearing was held in the state capitol, Rm. 152, 1301 E. 6<sup>th</sup> Avenue, Helena, MT 59601. At the public hearing, relevant information was presented and one member of the public testified. Three comments were also submitted in writing. Comments are summarized and attached to this application; also see <http://reinsurance.mt.gov/>

## **B. Tribal Consultation**

A “Save the Date” notice was emailed to tribal leaders on May 3, 2019. On May 15, 2019, the state sent a notice of the opportunity for tribal consultation via email and U.S. postal service to representatives of all federally-recognized tribes in Montana. Montana’s draft waiver application and tribal consultation letter were included as attachments to the email. [See:

<http://reinsurance.mt.gov/>]

On June 17, 2019, from 10 AM MDT to 12:00 PM MDT, the state held a tribal consultation in the State Capitol, Rm. 152, 1301 E. 6<sup>th</sup> Avenue, Helena, MT 59601. One federally-recognized tribes participated in the tribal consultation. A summary of the discussion at the tribal consultation is attached.

## VIII. Alignment with Section 1332 Principles

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Montana's Waiver, if approved, will advance several of the principles described in the October 2018 section 1332 guidance:

- **Provide increased access to affordable private market coverage.** The reinsurance program will reduce premiums exclusively for those purchasing private health insurance. Specifically, it will reduce premiums for private health insurance in the individual market between approximately 6.4% and 9% for each of the five years the Waiver is in effect. The reinsurance program will also support competition in the health insurance market, helping to ensure access to private health insurance coverage.
- **Encourage sustainable spending growth.** All three marketplace health insurers have developed initiatives (such as enhanced primary care) with the intention of encouraging cost-effective utilization of health care for Montanans. Additionally, Montana was selected by CMS to participate in the Comprehensive Primary Care Plus (CPC+) initiative, and two of the three exchange insurers participate in that program. Further, each of Montana's exchange insurers are continuing to explore additional ways to lower health care costs. For example, insurers have proposed provider reimbursement arrangements that reduce or eliminate fee-for-service charges, and some insurers are executing provider contracts that utilize alternative payment models rather than discounts off of billed charges. Montana's reinsurance program will further these efforts by promoting stability in Montana's health insurance market by reducing economic uncertainty, thereby allowing its health insurers to focus more attention on programs designed to reduce healthcare costs. Reducing the number of uninsured individuals will also reduce uncompensated care, which will further reduce health care costs.
- **Support and empower those in need.** By reducing premiums in the individual market, the Waiver will target its impact to those who are not currently eligible for financial assistance and therefore generally face the largest premiums for health insurance. Individuals with incomes under 400% of FPL (and who are not eligible for other coverage) are eligible for the PTC, which limits their contribution towards individual market health insurance to a fixed percentage of their income. As a result, they are somewhat insulated from the impact of premium changes. Individuals with incomes over 400 percent of the FPL are ineligible for the PTC and therefore face the full amount of their premium, which may be over \$10,000 annually for a single individual. Approximately 33% of Montanans are age 55 or older. Premiums spike at that age. An individual who is age 55 pays 2.23 times higher premiums than a 21 year old. At age 64, the rate increases to 3 times the 21-year-old rate. Montana has an aging population and is among the top ten states with the oldest populations. By age 55, most individuals do not

have dependents and are generally less likely to qualify for PTCs. Many Montanans find coverage unaffordable, and some are forced to drop coverage. Uninsured individuals over age 50 are more likely to incur substantial medical costs which increases the risk of uncompensated medical costs. Uncompensated care increases costs for the entire health care system. Lower premiums for everyone in the individual market will make insurance more affordable for those individuals who are not eligible for PTC and will stabilize and increase enrollment in the individual market. Montana's health insurers have a number of initiatives designed to incentivize providers and enrollees to contain and manage health care costs and utilization for high-claims-cost individuals. The reinsurance program's coinsurance rate ensures that the eligible health insurers will continue to manage health care costs and utilization.

- **Foster state innovation.** The Waiver is a state-run approach to making coverage more affordable that is suited to the specific needs of Montana. States across the country have pursued innovative approaches to strengthening their health care systems. After considerable research and study,<sup>10</sup> a reinsurance Waiver was identified by Montana as the approach that meets its needs while allowing it to take control of its own health care system.

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<sup>10</sup> <http://reinsurance.mt.gov/>

# Attachments



## State of Montana

### **Section 1332 State Innovation Waiver Actuarial and Economic Analysis**

June 10, 2019

Prepared by:  
Wakely Consulting Group, LLC

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Principal

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## Introduction

The individual health insurance market in the state of Montana (“Montana”) has had stable issuer participation but experienced significant enrollment decreases and higher premium increases. The state wishes to strengthen its individual market and provide greater access through lower premiums to its citizens. In order to increase access through lower premiums, Montana is submitting a Section 1332 State Innovation Waiver (“1332 waiver” or “waiver”). The Affordable Care Act (ACA) permits states to waive certain provisions of the ACA in order to increase access to affordable coverage. However, in order for both of the Secretaries of Health and Human Services (HHS) and Treasury to approve of the waiver, the state must complete an application in which it demonstrates that it has met the regulatory requirements.

Pursuant to 45 CFR 155.1308(f)(4)(i)-(iii), in order for Montana’s 1332 waiver to be approved, the state must demonstrate that the waiver does not interfere with the four “guardrails”. The four guardrails are coverage, affordability, comprehensiveness, and deficit neutrality.

The waiver, as proposed, would reduce premiums through the introduction of a state-based reinsurance program starting in 2020. The reinsurance program would operate similarly to the Federal Transitional Reinsurance program under the ACA that existed from 2014 to 2016 in that it would reimburse insurers for a proportion (coinsurance amount) of high-cost enrollee claims between a lower bound (attachment point) and an upper bound (cap). For 2020, Montana estimates that reinsurance parameters are as follows: the attachment point at \$40,000, the reinsurance cap at \$101,750, and the coinsurance at 60%. Based on final funding, Montana reserves the right to alter the cap and/or coinsurance.

The reinsurance program will be funded, contingent on approval of the 1332 waiver, through a 1.2% premium assessment on the health insurance market. It is assumed that \$500,000 of the reinsurance fund will be used for operational costs in the first year. Based on the best estimate, the total program funding would be \$34.5 million, with the state funding representing an estimated \$12.9 million. The estimated state funding portion is \$12.9 million in 2020, regardless of the Federal funding amount. If the reinsurance program, in operation, has higher than expected funding due to higher collections or federal pass-through funds, the state will alter the reinsurance parameters to result in a higher pay out. If the reinsurance claims costs are lower than expected, additional funds will be rolled to the following year(s). If the reinsurance claims costs are higher than expected, the state will alter the coinsurance rate.

The goals of the reinsurance program are to remove the volatility of high cost claimants from being solely the risk of any one insurer as well as to lower premiums for the individual market in total (as the reinsurance funding will come from sources outside the individual market). In doing so, the reinsurance program would incentivize enrollees to join or remain in the market while simultaneously maintaining incentives for carriers to control cost. In addition to providing lower



premiums to residents of Montana, the reinsurance program would also reduce federal outlays through lower premium tax credits.

As part of its 1332 waiver, Montana is requesting federal funds as a way of offsetting some of the costs incurred by the reinsurance program. Montana's reinsurance program will reduce premiums for those purchasing insurance coverage in the individual market. It will also reduce federal government outlays via reduced Premium Tax Credits (PTCs). The amount of PTCs spent by the federal governments is benchmarked to the second lowest cost silver plan (SLCSP) available on the Exchange. If premiums are reduced (including the SLCSP), then the amount the Federal Government will be required to pay in PTCs will also be reduced.

This report demonstrates that the savings on aggregate PTC amounts exceed lost federal revenue that may result from the reinsurance program. Furthermore, the reinsurance program will not reduce but rather would improve Montanans' access to affordable and comprehensive coverage. The waiver requests that Montana receive the amount of federal savings from PTCs, net of other costs, as a result of the reinsurance program.

The Montana Reinsurance Association Board ("Board") retained Wakely Consulting Group, LLC ("Wakely") to analyze the potential effects of a state-based reinsurance program on the 2020 individual ACA market. This document has been prepared for the sole use of Montana. Wakely understands that the report will be public and used in the 1332 waiver process. This document contains the results, data, assumptions, and methods used in our analyses and satisfies the Actuarial Standard of Practice (ASOP) 41 reporting requirements. Using the information in this report for other purposes may not be appropriate.

This actuarial report is a supplement to Montana's 1332 waiver report. It addresses section 45 CFR 155.1308(f)(4)(i)-(iii) of the checklist for the 1332 waiver, including actuarial analyses and actuarial certifications, economic analyses, and data and assumptions. Other sections of the waiver contain the non-actuarial portions of the 1332 waiver requirement. Reliance on this report should include a review of the full report by qualified individuals.





## Analysis Results

As described previously, the four guardrails of an approved 1332 waiver application are: 1) Coverage Requirement, 2) Affordability Requirement, 3) Comprehensiveness Requirement, and 4) Deficit Neutrality.

Wakely's analysis estimated that the waiver meets each of the four guardrails not only in 2020 but in each subsequent year over the 10-year window. The high-level 2020 guardrail results are shown in Table 1.

**Table 1: 2020 High-Level Guardrail Results**

Guardrail	Effect of Waiver
Coverage	Increase in enrollment
Affordability (2020)	Relative premium decrease of 6.4% to 9.0%
Comprehensiveness	No change to EHBs
Deficit Neutrality (2020)	Federal savings of \$16.5 million to \$25.8 million
Deficit Neutrality (10-year)	Federal savings each year of 10-year window

### Coverage, Affordability, and Comprehensiveness

The reinsurance program will decrease premiums in the non-group market. The reduction in premiums should increase overall coverage. Existing research from the Congressional Budget Office (CBO)<sup>1</sup> and the Council of Economic Advisors (CEA)<sup>2</sup> has noted that premium decreases should result in enrollment increases. As the reinsurance program has no impact on other cost-sharing, the decreased premiums also improves affordability for consumers. Similarly, the reinsurance program would have no effect on the comprehensiveness of coverage. The reinsurance program does not affect EHB requirements. Individuals purchasing coverage in the non-group market would have the same benefits with the reinsurance program as they would without it.

### Deficit Impact

The following tables display the impact of the reinsurance program on Montana's individual market both for 2020 and for the 10-year deficit window. Based on the best estimate assumptions,

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<sup>1</sup> <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/87xx/doc8712/10-31-healthinsurmodel.pdf>

<sup>2</sup> [https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701\\_individual\\_health\\_insurance\\_market\\_cea\\_issue\\_brief.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf)



in 2020, the waiver reduces premiums,<sup>3</sup> increases non-group enrollment, and creates millions in federal savings (which incorporates PTC savings net of other federal revenue). These results are shown in Table 2. The results are similar for years 2020 to 2029, although impacts on premium and enrollment decrease over time, as is shown in Appendix C.

**Table 2: 2020 Impact of Waiver on Premium, Enrollment, and Federal Deficit**

	Premiums	Non-Group Enrollment	Federal Savings
Effect of Reinsurance	-8.0%	+1.0%	\$22.1 million

Over the 10-year window, the reinsurance program provides savings to the Federal Government due to PTC savings net of other federal revenues. The details of the federal savings over the 10-year window are shown in Table 3.<sup>4</sup>

**Table 3: 10-Year Deficit Impact of Reinsurance Program**

Category of Impact	Impact to Federal Deficit (\$ millions) <sup>5</sup>
<b>Difference in APTCs<sup>6</sup></b>	\$314.0
PTC Adjustment	-\$8.8
Difference in User Fees	-\$10.1
<b>Estimated Net Federal Savings</b>	\$295.1

## Data and Methodology

The following steps were taken to estimate the impact of a state-based reinsurance program on Montana’s individual market both for 2020 and for the 10-year deficit window.

1. Wakely’s model incorporates 2016, 2017, 2018 and emerging 2019 experience as base data, which the Montana insurers provided.

<sup>3</sup> The premium impacts shown throughout the report represent how much lower premiums would be due to reinsurance relative to what they otherwise would have been in 2020. They do not show 2020 premium changes relative to 2019.

<sup>4</sup> Insurers that utilize the Healthcare.gov platform are assessed a fee by the Federal government. This fee is calculated as percent of Exchange premium. The HIT is a fee imposed on each covered entity that provides health insurance for US health risks. Based on the construction of the HIT, Wakely assumes that the reinsurance program would not impact the national collection of HIT. Individual mandate penalties were set to \$0 effective for the 2019 benefit year.

<sup>5</sup> Numbers may not add up due to rounding.

<sup>6</sup> Note PTC savings is the APTC amounts times the PTC ratio, estimated at 97.2%.



Wakely sent data calls to all Montana insurers that offered individual market ACA-compliant plans in 2016, 2017, 2018 or 2019. The data calls requested full year 2016 to 2018 and emerging 2019 enrollment, premium, and Advanced Premium Tax Credit (APTC) information, which was used to inform the baseline estimates. The 2018 premiums and enrollment were summarized to create a baseline picture of Montana’s market. The 2019 enrollment, APTC, and premium data were adjusted to account for expected attrition. The summarized amounts are shown in Table 4.

**Table 4: 2018 to 2020 Baseline Average Enrollment and Premium Data / Estimates<sup>7</sup>**

Baseline	2018	2019	2020
<b>Average Annual Enrollment</b>			
Total Non-Group Enrollment	52,793	48,865	46,422
Exchange Enrollment	41,165	39,367	37,690
APTC Enrollment	35,558	33,728	32,506
Non-APTC Exchange Enrollment	5,607	5,639	5,184
Off-Exchange Enrollment	11,628	9,498	8,732
Total Non-APTC Enrollment	17,235	15,137	13,915
<b>Per Member Per Month (PMPM) Amounts</b>			
Total Non-Group Premium PMPM	\$632.43	\$673.26	\$730.61
Exchange Premium PMPM	\$635.40	\$679.61	\$737.50
Gross Premiums PMPM for APTC Members	\$653.20	\$693.36	\$752.42
Net Premiums PMPM for APTC Members	\$105.05	\$97.64	\$99.59
APTC PMPM	\$548.15	\$595.72	\$652.83
<b>Total Annual Dollars</b>			
Total Non-Group Premiums	\$400,650,000	\$394,780,000	\$406,990,000
Total APTCs	\$233,890,000	\$241,110,000	\$254,650,000

- The 2020 enrollment, premium, and APTC amounts were estimated using 2018 and 2019 insurer information submitted to Wakely, as well as 2018 data from the Center for Medicaid and Medicare Services (CMS) and other publicly available information.

<sup>7</sup> Note total premiums and APTCs were rounded.



- a. The state average premium was based on the 2018 and February 2019 insurer information. The 2019 average premiums were increased by the average estimated 2020 rate increase, which would include increases to account for trend, market morbidity changes, higher premiums due to the reinstatement of the health insurance tax (also known as the health providers fee or the HIT), and a potential adjustment for historical financial performance. Further details are included in Appendix A.
- b. To estimate the average 2020 APTC amounts, Wakely used the 2018 and emerging 2019 APTC information from Montana insurers including APTC amounts, gross premiums for those with APTCs, and net premiums (gross premiums – APTCs) for those with APTCs. We also used the CMS reports from 2018 and adjusted the insurer data as necessary. We then inflated net premiums for APTC enrollees by the estimated 2020 premium increase of 3% for indexing. The 2020 average gross premium is then reduced by the 2020 average net premium (since APTC enrollees' share of premiums is capped based on their respective household income) to calculate the 2020 APTC PMPM amounts.
- c. The 2020 individual market enrollment was calculated using 2018 and emerging 2019 data from CMS and Montana insurers. The emerging 2019 data was adjusted to account for changes in enrollment due to net attrition throughout the year, as discussed in Appendix A. Our best estimate for 2020, based on conversations with Montana issuers and other stakeholders, assumed that enrollment decreases would continue to be less severe (the rate of decline has decreased in each of the three years). As a result, 2020 enrollment is expected to have a moderate decrease of 5% compared to 2019. To the extent that experience deviates from this assumption, the results of this analysis will be impacted.

The estimated best estimate 2020 baseline information is shown in Table 4.

3. To estimate the effects of the reinsurance program, Wakely assumed that \$34.5 million dollars would be the total funding available to reduce premiums in 2020. This amount excludes the \$500,000 to cover administrative costs for Montana to operate the program.
  - a. In addition to removing the \$34.5 million of claims from the premiums to determine the estimated premium impact, it is assumed that a portion of non-benefit costs will reduce. Many non-benefit expenses (NBE), such as taxes, are based on a percent of premium. To the extent the premiums decrease, the premiums will decrease further. While this amount will vary by issuer, the current and likely conservative assumption is that 30% of a 15% non-benefit expense load is variable and would decrease as a result of the reinsurance program.



- b. Enrollment was re-estimated with the lower post-reinsurance premium, using an enrollment function (Appendix A contains additional information regarding the enrollment function), to calculate a final individual market average enrollment per scenario. The results for the best estimate scenario are shown in Table 5.
- c. Given the enrollment with the reinsurance program is estimated to be higher than without the reinsurance program, Wakely estimated the impact to the morbidity of the market due to the implementation of the reinsurance program.
  - i. A health reform study from Massachusetts<sup>8</sup> indicated that enrollees who leave the market have costs that are approximately 73% compared to those who remain. This relationship was applied to enrollees who remain in the market due to the lower premiums caused by the reinsurance program but would have left without the implementation of the reinsurance program. Wakely further assumed that only enrollees without subsidies would enroll in the individual market as a result of lower premiums due to the reinsurance program. Unsubsidized enrollees would have their premiums decreased due to reinsurance but subsidized enrollees would not. For more details, please see the Appendix.
  - ii. The result is an additional 0.3% reduction in average costs due to the improved morbidity of the covered population from the lower premiums under the reinsurance program.
  - iii. No further iterations were done based on the relationship between change in enrollment and change in morbidity based on the negligible results of further iterations.
- 4. The best estimate assumptions resulted in a reduction in premiums of 8.0% due to the reinsured claims, variable NBE, and resulting improvement in morbidity. This impact does not include the impact to risk adjustment transfers due to lower premiums. This is expected to be market neutral but will affect the issuers differently, with issuers with a risk adjustment payable experiencing lower risk adjustment transfer while those with a risk adjustment receivable will receive a lower transfer, all else equal.

**Table 5: Estimated 2020 Average Enrollment and Premium Amounts After Reinsurance**

After Reinsurance	
Reinsurance Funding	\$34,460,000
Reduction in Premiums (Reinsurance Funding and NBE)	-8.9%

<sup>8</sup> [https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701\\_individual\\_health\\_insurance\\_market\\_ce\\_a\\_issue\\_brief.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_ce_a_issue_brief.pdf)



After Reinsurance	
Reinsurance Assessment	1.2%
Reduction in Premiums (Improved Morbidity)	-0.3%
Total Reduction in Premiums	-8.0%
Total Non-Group Premium PMPM	\$672.17
Exchange Premium PMPM	\$678.51
APTC PMPM	\$592.64
Change in Total Non-Group Enrollment	1.0%
Total Non-Group Enrollment	46,888
Exchange Enrollment	37,864
APTC Enrollment	32,506
Total Premiums	\$378,200,000
Total APTCs	\$231,180,000

5. Wakely calculated the pass-through amounts by taking the difference in APTCs in the baseline scenario and waiver scenario. Wakely then multiplied the APTC savings amount by the ratio of total PTC subsidy after reconciliation to APTC based on tax data for benefit year 2016 (or 97.2%) to arrive at the PTC savings amount.<sup>9</sup> This amount was further reduced by the Exchange user fee differences between baseline and waiver scenarios.

6. The following are the assumptions incorporated for the 10-year estimates:

- a. Premiums were trended using National Health Expenditure Data from CMS.<sup>10</sup> In 2020, the end of the HIT moratorium was estimated to increase premiums an additional 2.0% based on 2018 rate filing information and discussions with the carriers.
- b. The individual market enrollment was assumed to have small decreases as a function of premium increases as estimated using the Council of Economic Advisor’s (CEA) take-up function for each year.<sup>11</sup>

<sup>9</sup> This aligns with the methodology for calculating the PTC as noted in the “Method for Calculation of Section 1332 Waiver 2019 Premium Tax Credit Pass-through Hey Amounts” document located at <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Treasury-Method-Calculation-1332-Pass-through-Amounts.pdf>

<sup>10</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>- Table 17. Premiums were trended by private health insurance excluding medigap and property and casualty.

<sup>11</sup>[https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701\\_individual\\_health\\_insurance\\_market\\_cea\\_issue\\_brief.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf)



- c. In 2020 total reinsurance funding was set equal to \$34.5 million based on targeting state funding at \$12.9 million with \$0.5 million for operational costs.
- d. In 2021, and all future years, total reinsurance funding was solved by taking the following approach:
  - i. The \$12.9 state funding amount was trended using the same National Health Expenditure Data from CMS, albeit adjusted to account for the impact of reinsurance on the ACA individual market, which was used to increase the premiums.
  - ii. The trended state funding amount was reduced by the estimated operational costs, which are set at \$345,000 for 2021 and trended at 3% thereafter.
  - iii. The total reinsurance funding was set to target the available state funds for the reinsurance claims.

The results of these assumptions, such as enrollment (both in total and in various distributions), changes to the SLCSP, and impact on the federal deficit are discussed in Appendix A and Appendix C.



## Scenario Testing

Wakely performed scenario testing, which primarily involved changing the enrollment, premium, premium impact of the SLCSP, and Federal modeling differences from issuer expectations for 2020. These assumptions were chosen as they are significant drivers of the results of the analysis. The first three scenarios are similar, where the primary difference is the estimated 2020 enrollment and resulting premium increases (as enrollment decreases, it is assumed that premiums will increase due to a higher morbidity of the resulting population). Scenario 2 tests for a situation where the enrollment decrease from 2019 to 2020 is minimal, and premium increases are smaller. Scenario 3 shows the results if the enrollment decrease is more significant, with premium increases also being higher. Scenario 4 shows a scenario where the actual pass-through amounts are less than issuers expect, driven by lower APTC enrollment, while Scenario 6 shows a scenario where actual pass-through amounts are higher than issuers expect, driven by higher APTC enrollment. Scenario 5 shows a scenario where the premium impact for the SLCSPs are lower than the estimated market average, which lower the pass-through amount. In all of these additional scenarios, amounts for reinsurance payments may not equal the reinsurance amounts announced for rating setting purposes since the state funding is assumed constant at \$12.9 million but the Federal pass-through changes. It is expected that the Board will revise the parameters once the Federal pass-through amount is known.

Further details regarding the scenario testing can be found in Appendix A and Appendix C. The high-level results of the scenario testing are shown in Table 6. Although a variety of alternative scenarios was tested, the basic conclusions did not alter significantly from the best estimate scenario.



**Table 6: High-Level Results of Scenario Testing**

Scenario	1 – Best Estimate	2	3	4	5	6
Baseline Enrollment Decrease	Medium	Minimum	Large	Minimum	Medium	Medium
OTA Assumptions Align with Issuers' Assumptions	Yes	Yes	Yes	No (Lower)	Yes	No (Higher)
SLCP Impact Lower than Market Average	No	No	No	No	Yes	No
Total Funding For Reinsurance claims (millions)	\$34.5	\$33.6	\$35.9	\$29.3	\$28.9	\$38.2
Total Reduction in Premiums	-8.0%	-7.5%	-8.6%	-6.4%	-6.5%	-9.0%
Estimated Net Federal Savings (millions)	\$22.1	\$21.2	\$23.5	\$16.9	\$16.5	\$25.8
Estimated State Funding (millions)	\$12.4	\$12.4	\$12.4	\$12.4	\$12.4	\$12.4

**Appendix A**  
**Data and Methodology**



## 2020 Baseline Enrollment and Premium Estimates

To create the baseline estimates, Wakely completed the following steps:

1. Wakely sent a data call to all Montana carriers that offered individual market ACA-compliant plans in 2018 or 2019. The data call requested full year 2018 and emerging 2019 enrollment, premium, and APTC information, which was used to inform the baseline estimates. For a prior analysis, Wakely had done a data call that requested 2016 and 2017 data and this information was also used.

Wakely used the 2019 insurer data to calculate average enrollment and average premiums. Wakely used the 2019 insurer data to identify the February experience, including enrollment, state average premium, average Exchange premium, average APTC amount, gross premiums for individuals with APTC, and net premium for individuals with APTC. The data was compared to CMS reports to confirm consistency. February 2019 data points were used since it was the most stable month, although the relative factors were similar when looking at February and the average of January through March.

The data calls also requested full year 2016 through 2018 enrollment and claims information by year in continuance tables. The use of this data is discussed in Appendix B. EDGE data was also collected for 2017. For this analysis, the EDGE data was used as a reference but the continuance tables for 2017 and 2018 were the primary claim data sources.

2. The relationship between February 2018 and average 2018 experience was studied to approximate average 2019 experience from February 2019 insurer data. The adjustment varied by subsidized, non-subsidized on-Exchange, and non-subsidized off-Exchange.
3. Metal level distribution was estimated using 2019 insurer submitted data while FPL distribution was estimated using 2019 data supplied by CMS' 2019 Open Enrollment Report.<sup>12</sup>
4. For the best estimate, overall enrollment in 2020 was estimated using Kaiser Survey Data and modified downward to account for the 2020 environment. Enrollment was distributed pro rata between on-Exchange and off-Exchange by the share of unsubsidized enrollment that on-Exchange enrollees represented.<sup>13</sup>
5. For 2020, premiums were estimated using the 2019 insurer submitted data and data sources described previously. The average 2020 premium was increased by

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<sup>12</sup> [https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/2019\\_Open\\_Enrollment.html](https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/2019_Open_Enrollment.html)

<sup>13</sup> <https://www.kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-march-2018-non-group-enrollees/>



approximately 8.5% to account for all rating factors such as trend, financial adjustment, change in morbidity due to enrollment changes, and to account for the health insurance tax returning for the 2020 benefit year.

6. To estimate 2020 APTC PMPMs, we used emerging 2019 Montana insurer data to calculate the average net premium among APTC enrollees (that is the actual amount APTC enrollees pay). We increased the 2019 required contribution (i.e., net premium) to conform with the indexing of the contribution rate. We increased it 3.0% from 2019. We then inflated gross premiums for APTC enrollees (the 2020 APTC amounts plus net premiums) by the 2020 estimated premium increase (8.5%). This new gross premium amount is reduced by the net premium amount (since APTC enrollees' share of premiums is capped based on their respective household income) to calculate the 2020 APTC PMPM amounts. These assumptions, in totality, were used to generate the baseline estimates shown in Table 4.

## 2020 Waiver Effects

The starting impact of the \$34.5 million in reinsurance funding (as discussed previously) as a reduction to premiums was estimated by dividing the total reinsurance funding amount of \$34.5 million by the total estimated 2020 baseline individual market premium. A reduction in premiums is also made to the extent non-benefit expenses are a function of premium amounts.

Based on a review of the 2019 lowest and second lowest silver premiums for each rating area, it is possible that any of the three issuers could have a SLCSP in 2020. In reviewing the continuance tables of the various carriers, there are differences in the distribution of claims and the impact could be different but the actual impact of SLCSPs is highly dependent on the issuer rate increases for 2020. As a result, the best estimate scenario assumes that the premium impact for the SLCSPs would be similar to the market average.

The decrease in premiums is expected to produce an increase in enrollment relative to what Montana would experience without the reinsurance program. Enrollment changes were estimated using the CEA take-up function (as discussed previously). APTC enrollment is assumed to stay the same as the baseline since these members are generally unaffected by rate changes.<sup>14</sup> If, contrary to our assumption, APTC enrollment were to drop, the deficit savings would be considered more conservative as the true savings to the Federal government may be higher. New enrollees are expected to be above 400% FPL or otherwise ineligible for APTC. These new enrollees were allocated pro rata between on-Exchange and off-Exchange by the share of

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<sup>14</sup> This assumption does not preclude normal churn that occurs within the individual market. Normal churn, enrollees leaving for employer-sponsored insurance or enrollees joining the individual market who previously had coverage in Medicaid, would continue. The assumption merely assumes in aggregate that a similar number of APTC enrollees would have coverage in 2020 as had coverage in 2019.



unsubsidized enrollment that on-Exchange enrollees represented. It is likely that enrollees who stay in the market due to the implementation of reinsurance will be healthier and/or younger than the enrollees who will be in the market regardless of whether there is a reinsurance program.<sup>15</sup> These results were discussed previously and are shown in Table 5.

Federal pass-through amounts were calculated in the following manner, consistent with the methodology outlined by the Office of Tax Analysis (OTA).<sup>16</sup> First, the aggregate amount of advanced-premium tax credits in the baseline scenario were compared to the aggregate amount of advanced premium tax credits in the waiver scenario. The difference in advanced premium tax credits is then adjusted to calculate the total premium tax credit subsidy. To do that Wakely relied on discussions with OTA and CMS to estimate the PTC ratio as well as using publicly available IRS tax statistics from the 2016 benefit year.<sup>17</sup> The actual data used by OTA for the 2020 calculations will be from 2017 as well as from 1095-A data, which are currently not public at the time of Wakely completing this report. The ratio of total PTC subsidy after reconciliation to APTC based on tax data for benefit year 2016 (or 97.2%) was multiplied by the APTC savings. This total PTC savings are then reduced by potential differences in the Federal Exchange user fee. This new aggregate amount is the total net Federal savings.

Additionally, we note that a different methodological approach to the application of the premium tax credit adjustment could result in a different pass-through. According to the OTA methodology,<sup>18</sup> the adjustment to advanced premium tax credits to calculate premium tax credits is handled at the last step via a ratio multiplied by APTC savings. However, if a different methodology were applied, such as PTC ratio applied directly to APTC amounts at the baseline, the result would increase the pass-through of the best estimate, thus increasing total funding and the premium impact. Changing how the PTC adjustment is applied could add \$2.8 million in total funding, increase the premium impact by 0.7%, and increase the pass-through by 2.7%.

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<sup>15</sup> <https://www.brookings.edu/blog/up-front/2017/02/08/new-data-on-sign-ups-through-the-acas-marketplaces-should-lay-death-spiral-claims-to-rest/>

<sup>16</sup> <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Treasury-Method-Calculation-1332-Pass-through-Amounts.pdf>

<sup>17</sup> <https://www.irs.gov/statistics/soi-tax-stats-historic-table-2>

<sup>18</sup> *ibid*



## Alternative Scenarios

Wakely estimated four additional 2020 scenarios to analyze the robustness of the initial 2020 or Scenario 1 findings. The following were the scenarios that were modeled:

- Scenario 1 (Best Estimate): 2020 enrollment was lower than 2019 estimated enrollment, using a dampened impact from a Kaiser Family Foundation survey<sup>19</sup> that stated that 10% of members were likely to drop coverage due to the mandate. This amount was decreased to account for the expectation that 2020 mandate effects will be less than those in 2019. Those that will leave the market were estimated to have a morbidity of 0.62.<sup>20</sup> Average premium rates are estimated to be 8.5% higher than 2019. The impact to average market premiums is estimated to be 8.0% with the issuer(s) of the SLCSP plans having the same average impact as the market average.
- Scenario 2: In this scenario, we assume that the effective repeal of the mandate and other regulatory changes will not affect enrollment in 2020 and any changes in enrollment are a result of premium increases. Those that will leave the market were estimated to have a morbidity of 0.73.<sup>21</sup> Average premium rates were estimated to be 6.7% higher than 2019. The impact to average market premiums is estimated to be 7.5% with the issuer(s) of the SLCSP plans having the same average impact as the market average.
- Scenario 3: In this scenario, we assumed that the effects of no mandate and regulatory changes would have a significant impact on enrollment in Montana in 2020. Additional enrollment losses due to the mandate are estimated using the Center for American Progress' state level estimates of the CBO enrollment losses.<sup>22</sup> These losses were estimated for the 2025 year, so an adjustment, following the CBO's estimates for 2020,<sup>23</sup> was made to estimate Montana specific enrollment attrition in 2020 due to the loss of the mandate. Additional attrition, again using CBO's estimated losses due to the changes in the short-term duration and association health plans regulations were included on top of the losses due to the mandate.<sup>24</sup> Those that will leave the market were estimated to have a morbidity of 0.62.<sup>25</sup>

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<sup>19</sup> <https://www.kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-march-2018-non-group-enrollees/>

<sup>20</sup>The 0.62 morbidity factor was calculated by Wakely using CBO estimated impact of the mandate  
<https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>

<sup>21</sup>[https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701\\_individual\\_health\\_insurance\\_market\\_ce\\_a\\_issue\\_brief.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_ce_a_issue_brief.pdf)

<sup>22</sup> <https://www.americanprogress.org/issues/healthcare/news/2017/12/05/443767/estimates-increase-uninsured-congressional-district-senate-gop-tax-bill/>

<sup>23</sup> <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>

<sup>24</sup> [https://www.cbo.gov/system/files?file=2019-01/54915-New\\_Rules\\_for\\_AHPs\\_STPs.pdf](https://www.cbo.gov/system/files?file=2019-01/54915-New_Rules_for_AHPs_STPs.pdf)

<sup>25</sup>The 0.62 morbidity factor was calculated by Wakely using CBO estimated impact of the mandate  
<https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>



While initial premium increases correspond to Scenario 1, the additional premium increases due to the smaller individual market and resulting morbidity increase results in an overall estimated 10.7% premium increase in 2020. The impact to average market premiums is estimated to be 8.6% with the issuer(s) of the SLCSP plans having the same average impact as the market average.

- Scenario 4: This scenario models a scenario that has different issuer assumptions and pass-through methodology assumptions. In this scenario carriers perceive the level of enrollment in Scenario 2. However, the actual pass-through assumptions would assume a lower proportion of APTC members, which lowers the ratio of total APTC amounts compared to total market premiums (a key driver of pass-through amounts). As a result, the total premium reduction is 6.4% and total funding available for reinsurance payments would be \$29.3 million.
- Scenario 5: This scenario shows the impact if the SLCSP has a lower premium impact from reinsurance than the market average. In this scenario, we assume the impact of the reinsurance program is 0.5% less than the market average. As a result, the total premium reduction is 6.5% and total funding available for reinsurance payments would be \$28.9 million.
- Scenario 6: This scenario models a scenario that has different issuer assumptions and pass-through methodology assumptions. In this scenario carriers perceive the level of enrollment in Scenario 1. However, the actual pass-through assumptions would assume a higher proportion of APTC members, which increases the ratio of total APTC amounts compared to total market premiums (a key driver of pass-through amounts). As a result, the total premium reduction is 9.0% and total funding available for reinsurance payments would be \$38.2 million.

For each of the scenarios, the same reinsurance methodology was applied as was used in the baseline scenario: \$12.9 million (less \$0.5 million for operational costs) in state funding was applied to the individual market and total funding was then solved for based on the pass-through amount. Each scenario produced a decrease in the state average premiums PMPM in 2020 between 6.4% and 9.0%. In each scenario, the lower premiums resulted in more enrollees in the individual market. Finally, in each scenario, the combined lower premiums (including decreased APTC PMPMs) resulted in fewer Federal dollars being spent in 2020 as a result of the reinsurance program relative to the baseline. The detailed results of the scenario testing are shown in Table 7.

Scenario 1 is the best estimate scenario. This scenario was used for the 10-year economic analysis.



**Table 7: Summary of Alternative Scenario Results for 2020**

Scenario	1 - Best Estimate	2	3	4	5	6
Baseline Enrollment Decrease	Medium	Minimum	Large	Minimum	Medium	Medium
OTA Assumptions Align with Issuers' Assumptions	Yes	Yes	Yes	No (Lower)	Yes	No (Higher)
SLCP Impact Lower than Market Average	No	No	No	No	Yes	No
Solved Total Funding Available for Reinsurance Payments	\$34,460,000	\$33,600,000	\$35,890,000	\$29,300,000	\$28,940,000	\$38,160,000
<b>Baseline</b>						
Total Non-Group Enrollment	46,422	48,487	44,445	48,487	46,422	46,422
Exchange Enrollment	37,690	39,226	36,333	39,226	37,690	37,690
APTC Enrollment	32,506	33,728	31,518	31,518	32,506	33,728
Total Non-Group Premium PMPM	\$730.61	\$718.23	\$742.24	\$718.23	\$730.61	\$730.61
Exchange Premium PMPM	\$737.50	\$725.00	\$749.25	\$725.00	\$737.50	\$737.50
APTC PMPM	\$652.83	\$640.08	\$664.81	\$640.08	\$652.83	\$652.83
Total Non-Group Premiums	\$406,990,000	\$417,900,000	\$395,870,000	\$417,900,000	\$406,990,000	\$406,990,000
Total APTCs	\$254,650,000	\$259,060,000	\$251,440,000	\$242,090,000	\$254,650,000	\$264,220,000
<b>After Reinsurance</b>						
Reduction in Premiums (Reinsurance Funding)	-8.9%	-8.4%	-9.5%	-7.3%	-7.4%	-9.8%
Reduction in SLCP (Reinsurance Funding)	-8.9%	-8.4%	-9.5%	-7.3%	-6.9%	-9.8%
Reinsurance Assessment	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Reduction in Premiums (Improved Morbidity)	-0.3%	-0.2%	-0.3%	-0.2%	-0.2%	-0.3%
Total Premium Impact	-8.0%	-7.5%	-8.6%	-6.4%	-6.5%	-9.0%





Scenario	1 - Best Estimate	2	3	4	5	6
Baseline Enrollment Decrease	Medium	Minimum	Large	Minimum	Medium	Medium
OTA Assumptions Align with Issuers' Assumptions	Yes	Yes	Yes	No (Lower)	Yes	No (Higher)
SLCP Impact Lower than Market Average	No	No	No	No	Yes	No
Solved Total Funding Available for Reinsurance Payments	\$34,460,000	\$33,600,000	\$35,890,000	\$29,300,000	\$28,940,000	\$38,160,000
Total Premium Impact SLCS	-8.0%	-7.5%	-8.6%	-6.4%	-6.0%	-9.0%
Total Non-Group Premium PMPM	\$672.17	\$664.10	\$678.08	\$671.95	\$682.98	\$664.92
Exchange Premium PMPM	\$678.51	\$670.36	\$684.47	\$678.29	\$689.43	\$671.20
APTC PMPM	\$592.64	\$584.33	\$598.73	\$592.42	\$607.58	\$585.18
Percent Change in Total Enrollment	1.0%	1.0%	1.1%	0.9%	0.8%	1.1%
Total Non-Group Enrollment	46,888	48,953	44,915	48,942	46,799	46,948
Exchange Enrollment	37,864	39,399	36,509	39,395	37,830	37,886
APTC Enrollment	32,506	33,728	31,518	31,518	32,506	33,728
Total Premiums	\$378,200,000	\$390,110,000	\$365,470,000	\$394,640,000	\$383,550,000	\$374,600,000
Total APTCs	\$231,180,000	\$236,500,000	\$226,450,000	\$224,060,000	\$237,000,000	\$236,840,000
<b>Savings</b>						
Estimated APTC Savings	\$23,480,000	\$22,560,000	\$24,990,000	\$18,020,000	\$17,650,000	\$27,380,000
Estimated PTC Adjustment	-\$660,000	-\$630,000	-\$700,000	-\$510,000	-\$500,000	-\$770,000
Difference in Insurer Fees	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Federal Savings	-\$760,000	-\$730,000	-\$800,000	-\$620,000	-\$620,000	-\$850,000
Estimated State Funds Available	\$12,400,000	\$12,400,000	\$12,400,000	\$12,400,000	\$12,400,000	\$12,400,000



Scenario	1 - Best Estimate	2	3	4	5	6
Baseline Enrollment Decrease	Medium	Minimum	Large	Minimum	Medium	Medium
OTA Assumptions Align with Issuers' Assumptions	Yes	Yes	Yes	No (Lower)	Yes	No (Higher)
SLCP Impact Lower than Market Average	No	No	No	No	Yes	No
Solved Total Funding Available for Reinsurance Payments	\$34,460,000	\$33,600,000	\$35,890,000	\$29,300,000	\$28,940,000	\$38,160,000
Total Funding Available for Reinsurance Payments	\$34,460,000	\$33,600,000	\$35,890,000	\$29,300,000	\$28,940,000	\$38,160,000
Estimated Pass-Through (Based on Total Funding Available for Rein Payments)	64.0%	63.1%	65.4%	57.7%	57.1%	67.5%



## Beyond 2020

For years beyond 2020, Wakely made the following assumptions:

- Baseline premiums (both total non-group and on-Exchange) as well as Gross Premium Amounts for individuals with APTC were trended by the Office of the Actuaries National Health Expenditure spending for each year of the 10-year window.<sup>26</sup>
- APTC Net Premiums were increased 2.5% annually to account for indexing.
- Enrollment was reduced by the projected increase in premium using the CEA take-up function.
- The total funding was determined based on a Montana funding amount of \$12.9 million increased by the Office of the Actuaries National Health Expenditure spending, albeit adjusted to account for the effects of reinsurance on the ACA individual market, for each year of the 10-year window and the estimated pass-through for the year. The funding available was reduced by operating costs. An amount of \$345,000 was used for 2021 and this amount was increased in future years assuming 3% inflation.
- For each year, the same methodology of applying reinsurance, calculating the change in premiums and APTC amounts as a result of reinsurance, and calculating the change in enrollment as a result of lower premiums was used consistently to that described for 2020. The detailed results are shown in Table 8.

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<sup>26</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/ Table 17. Premiums were trended by spending per enrollee for direct purchase.>



**Table 8: Baseline Data and Detailed Results after Reinsurance, by Year<sup>27</sup>**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Baseline</b>										
Total Non-Group Enrollment	46,422	46,176	45,946	45,685	45,429	45,183	44,951	44,734	44,511	44,292
APTC Enrollment	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506
Total Non-Group Premium PMPM	\$730.61	\$764.78	\$798.76	\$839.94	\$883.18	\$927.70	\$972.49	\$1,017.33	\$1,066.39	\$1,117.80
Gross Premium PMPM for APTC Mbrs	\$752.42	\$787.61	\$822.61	\$865.02	\$909.55	\$955.40	\$1,001.52	\$1,047.70	\$1,098.22	\$1,151.16
Net Premium PMPM for APTC Mbrs	\$99.59	\$102.08	\$104.63	\$107.25	\$109.93	\$112.68	\$115.50	\$118.38	\$121.34	\$124.38
APTC PMPM	\$652.83	\$685.53	\$717.97	\$757.77	\$799.62	\$842.72	\$886.03	\$929.31	\$976.88	\$1,026.79
Total Premiums (\$ millions)	\$407.0	\$423.8	\$440.4	\$460.5	\$481.5	\$503.0	\$524.6	\$546.1	\$569.6	\$594.1
Total APTCs (\$ millions)	\$254.7	\$267.4	\$280.1	\$295.6	\$311.9	\$328.7	\$345.6	\$362.5	\$381.1	\$400.5
<b>After Reinsurance</b>										
Reinsurance Funding (\$ millions)	\$34.5	\$35.8	\$37.9	\$39.9	\$42.5	\$45.2	\$48.1	\$50.9	\$53.9	\$57.1
Reduction in Premiums (Reinsurance Funding)	-8.9%	-8.8%	-9.0%	-9.1%	-9.2%	-9.4%	-9.6%	-9.8%	-9.9%	-10.1%
Reinsurance Assessment	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Reduction in Premiums (Improved Morbidity)	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
Total Non- Group Premium PMPM	\$672.17	\$703.88	\$733.80	\$771.01	\$809.24	\$848.39	\$887.56	\$926.64	\$969.88	\$1,014.74

<sup>27</sup> Please Appendix C for total federal savings net of federal losses under the reinsurance program.



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Exchange Premium PMPM	\$678.51	\$710.52	\$740.72	\$778.29	\$816.87	\$856.40	\$895.93	\$935.38	\$979.03	\$1,024.31
APTC PMPM	\$592.64	\$622.81	\$651.07	\$686.78	\$723.47	\$761.04	\$798.55	\$835.92	\$877.49	\$920.65
Change in Total Non-Group Enrollment	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Non-Group Enrollment	46,888	46,632	46,405	46,139	45,883	45,639	45,409	45,193	44,969	44,750
Exchange Enrollment	37,864	37,805	37,754	37,694	37,637	37,582	37,531	37,483	37,432	37,383
APTC Enrollment	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506
Total Premiums (\$ millions)	\$378.2	\$393.9	\$408.6	\$426.9	\$445.6	\$464.6	\$483.6	\$502.5	\$523.4	\$544.9
Total APTCs (\$ millions)	\$231.2	\$242.9	\$254.0	\$267.9	\$282.2	\$296.9	\$311.5	\$326.1	\$342.3	\$359.1

## **Appendix B**

### **Reinsurance Parameters**



## Reinsurance Parameters

As noted previously, the reinsurance program would operate similarly to the Transitional Reinsurance program under the ACA that existed from 2014 to 2016 in that it would reimburse insurers for a proportion (coinsurance amount) of high-cost enrollee claims between a lower bound (attachment point) and an upper bound (cap). For 2020, Montana has estimated that parameters will be the following: the attachment point at \$40,000, the reinsurance cap at \$101,750, and a 60% coinsurance rate.

Wakely used the continuance tables provided from all insurers for the 2017 and 2018 calendar years to estimate the reinsurance parameters for the program. The two years of data were used to alleviate any concerns of credibility. Both years were adjusted to 2020 and the resulting parameters averaged. To obtain 2020 claims data consistent with the best estimate scenario, various adjustments to the data were performed including enrollment, morbidity, and annual claim increases.

1. The best estimate scenario enrollment decrease of 11.1% from 2018 to 2020 post-reinsurance was applied to the data.
2. The morbidity changes from 2018 to 2020 were modeled under the assumption that members leaving the market are healthier than those staying in the market. This resulted in a morbidity increase of 4.4%.
3. Claims were trended to 2020 by estimating annual medical cost trend and morbidity increases as described above. These trends were determined based on a combination of actuarial judgement, review of ACA rate filing documents, expectation of the return of the HIT fee in 2020, and consideration that the MLR is expected to be lower after the impact of the reinsurance program.
4. The annual claim increase was then solved for using the preceding three adjustments, resulting in an annual claim increase of 9.3% annually from 2018 to 2020. This annual claim increase includes adjustments outside of trend such as metal mix changes.
5. This approach was taken for both 2017 and 2018 to arrive at two sets of projected 2020 continuance tables. Parameters were developed using both sets of data and then averaged.

The resulting 2020 data was used to determine the reinsurance parameters. Wakely estimated the \$34.5 million in funding would be spent with an attachment point of \$40,000, 60% coinsurance, and a cap of \$101,750. If the reinsurance program has higher/lower than expected funding due to higher/lower state funds or federal pass-through amounts, the Board will re-adjust the parameters. If the actual claims for the reinsurance program are lower than expected, any excess funds will roll over to future years. If the actual claims for the reinsurance program are higher than expected, the coinsurance percentage will be adjusted accordingly.



It is important to note that the assumptions in this estimate are inherently uncertain. The resulting parameters will vary from these estimates to the degree the actual enrollment, morbidity, trend, and other assumptions vary from those used in this analysis. In addition, if there are significantly more or fewer high cost claimants in 2020 compared to 2017 and 2018, the results from this analysis may also vary. Finally, insurers are expected to have differing impacts from one another due to the reinsurance program based on how they vary from the market average in the assumptions discussed previously in this section.



## **Appendix C**

### **Guardrail Requirements**



## Scope of Coverage Requirement

In order for a 1332 waiver to be accepted, the waiver must demonstrate that the changes will provide coverage to at least a comparable number of residents as would have been provided coverage without the waiver. Our analysis estimates that the reinsurance program, and resulting lower premiums, would provide for at least a comparable number of enrollees (and most likely a greater number of individuals covered).

## Affordability Requirement

In order for a 1332 waiver to be accepted, the waiver must demonstrate that the changes will provide coverage, premiums, and cost-sharing protections that keep care at least as affordable as would be provided absent the waiver coverage to at least a comparable number of residents as would have been provided absent the waiver. Generally, we expect premiums to be lower in 2020 and lower than they otherwise would have been each year of the waiver as a direct result of the reinsurance program. Cost sharing for plans will remain within the federal requirements and should therefore not impact affordability. Our analysis estimates that the reinsurance program, and resulting lower premiums, would provide for at least as affordable coverage for residents (and most likely greater affordability for residents).

## Comprehensiveness of Coverage Requirement

In order for a 1332 waiver to be accepted, the waiver must demonstrate that it will provide access to coverage that is at least as comprehensive as would be provided absent the waiver. This waiver will not result in any changes to the EHB benchmark or actuarial value requirements and, as such, will not have any impact on the comprehensive coverage for residents.

## Deficit Neutrality

### **PTCs**

Since PTCs are benchmarked to the SLCSP, the decrease in premiums (specifically the SLCSP) will result in lower per person PTC amounts in 2020. Since enrollees who have PTCs are generally unaffected by changes in gross premiums, due to the subsidies shielding them from premium increases, the introduction of reinsurance is not expected to decrease the number of enrollees with PTCs. Due to the combination of a non-decreasing number of enrollees with APTCs and a decrease in premiums, which is connected to PTC amounts, Wakely's analysis estimates that the overall aggregate amount of PTCs will be lower each year over the 10-year window. These results are shown in Table 9.



**Table 9: Detailed Results of Federal Savings, by Year**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Baseline</b>										
Total Non-Group Enrollment	46,422	46,176	45,946	45,685	45,429	45,183	44,951	44,734	44,511	44,292
Exchange Enrollment	37,690	37,635	37,583	37,525	37,467	37,412	37,360	37,312	37,261	37,212
APTC Enrollment	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506
Total Non-Group Premium PMPM	\$730.61	\$764.78	\$798.76	\$839.94	\$883.18	\$927.70	\$972.49	\$1,017.33	\$1,066.39	\$1,117.80
Exchange Premium PMPM	\$737.50	\$772.00	\$806.30	\$847.87	\$891.51	\$936.45	\$981.67	\$1,026.92	\$1,076.45	\$1,128.34
APTC PMPM	\$652.83	\$685.53	\$717.97	\$757.77	\$799.62	\$842.72	\$886.03	\$929.31	\$976.88	\$1,026.79
<b>After Reinsurance</b>										
Total Non-Group Enrollment	46,888	46,632	46,405	46,139	45,883	45,639	45,409	45,193	44,969	44,750
Exchange Enrollment	37,864	37,805	37,754	37,694	37,637	37,582	37,531	37,483	37,432	37,383
APTC Enrollment	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506	32,506
Total Non-Group Premium PMPM	\$672.17	\$703.88	\$733.80	\$771.01	\$809.24	\$848.39	\$887.56	\$926.64	\$969.88	\$1,014.74
Exchange Premium PMPM	\$678.51	\$710.52	\$740.72	\$778.29	\$816.87	\$856.40	\$895.93	\$935.38	\$979.03	\$1,024.31
APTC PMPM	\$592.64	\$622.81	\$651.07	\$686.78	\$723.47	\$761.04	\$798.55	\$835.92	\$877.49	\$920.65
<b>Federal Savings Calculations</b>										
PTC / APTC Factor	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%
Exchange User Fees	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Difference in APTCs (\$ millions)	\$23.5	\$24.5	\$26.1	\$27.7	\$29.7	\$31.9	\$34.1	\$36.4	\$38.8	\$41.4
PTC Adjustment (\$ millions)	-\$0.7	-\$0.7	-\$0.7	-\$0.8	-\$0.8	-\$0.9	-\$1.0	-\$1.0	-\$1.1	-\$1.2
Difference in User Fees (\$ millions)	-\$0.8	-\$0.8	-\$0.8	-\$0.9	-\$1.0	-\$1.0	-\$1.1	-\$1.2	-\$1.3	-\$1.3
<b>Estimated Net Federal Savings (\$ millions)</b>	<b>\$22.1</b>	<b>\$23.0</b>	<b>\$24.5</b>	<b>\$26.0</b>	<b>\$27.9</b>	<b>\$29.9</b>	<b>\$32.1</b>	<b>\$34.2</b>	<b>\$36.4</b>	<b>\$38.9</b>
<b>State Funding (\$ millions)</b>	<b>\$12.4</b>	<b>\$12.8</b>	<b>\$13.3</b>	<b>\$13.9</b>	<b>\$14.6</b>	<b>\$15.3</b>	<b>\$16.0</b>	<b>\$16.7</b>	<b>\$17.4</b>	<b>\$18.2</b>
<b>Pass Through Percent</b>	<b>64.0%</b>	<b>64.3%</b>	<b>64.8%</b>	<b>65.2%</b>	<b>65.7%</b>	<b>66.2%</b>	<b>66.7%</b>	<b>67.2%</b>	<b>67.6%</b>	<b>68.1%</b>



## Offsets to PTC Savings

### INDIVIDUAL RESPONSIBILITY REQUIREMENT

As part of the ACA, individuals that can afford insurance but forgo insurance are generally required to pay a fee. However, as part of the Tax Cuts and Jobs Act of 2017, the individual responsibility requirement was set to \$0 for 2019 and future years. Therefore, it will not directly affect federal savings.

### EXCHANGE USER FEE

Wakely acknowledges that there may be a loss of revenue to the Federal government for Exchange user fees (also known as user fees) due to the reduction in premium amounts. To calculate an estimate of this loss, Wakely estimated the baseline Exchange user fees to be 3.0% (per the 2020 proposed HHS Payment Notice) multiplied by total Exchange premiums (using the baseline Exchange enrollment and baseline Exchange premiums). This was then compared to post-reinsurance scenarios in which enrollment and premiums were re-estimated using the lower premiums and higher enrollment as a result of the reinsurance payments. In future years, Wakely assumed that the user fee rate would stay at 3.0%.

### HEALTH INSURANCE PROVIDERS FEE

The reinsurance program could also impact the health insurance providers' fee, or HIT. Section 9010 of the ACA requires that a tax on health insurance providers be set at an amount totaling \$14.3 billion in 2018 and increasing thereafter generally at the rate of premium increase. We estimate that Montana's reinsurance program will have minimal impact on national premium growth rate and therefore does not materially impact employer-sponsored insurance premiums and therefore would not have any impact on HIT amounts. Wakely did not include any adjustment in deficit calculations to account for the Health Insurance Provider fee. It is Wakely's understanding that to date, the Department of Treasury has not adjusted for the Health Insurance Providers fee.

### OTHER FEDERAL IMPACTS

Wakely did not directly estimate the impact of the proposed waiver on the collections related to the Cadillac or Excise tax, small business tax credit or income taxes. It is unlikely that any of these would have a significant impact on the overall savings.<sup>28</sup>

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<sup>28</sup> <http://mn.gov/commerce-stat/pdfs/mn-1332-actuarial-analysis.pdf>



## EMPLOYER MARKETS

A detailed analysis of the group markets was not completed. It is not expected that the reinsurance program will have an impact on the small group, large group, federal employee health benefits program, and other health programs in the state. In particular, we do not expect enrollment migration from the group market to the non-group market as a result of the reinsurance program.

## DEFICIT NEUTRALITY IN ALTERNATIVE SCENARIOS

In addition, Wakely calculated the impact of the federal savings under the alternative 2020 scenarios discussed previously. As can be seen in Table 10, there is no 2020 scenario in which net federal savings, because of the reinsurance program, would contribute to the Federal deficit.

**Table 10: Estimated 2020 Federal Savings in Alternative Scenarios**

Scenario	1 - Best Estimate	2	3	4	5	6
Baseline Enrollment Decrease	Medium	Minimum	Large	Minimum	Medium	Medium
OTA Assumptions Align with Issuers' Assumptions	Yes	Yes	Yes	No (Lower)	Yes	No (Higher)
SLCP Impact Lower than Market Average	No	No	No	No	Yes	No
Solved Total Funding Available for Reinsurance Payments	\$34,460,000	\$33,600,000	\$35,890,000	\$29,300,000	\$28,940,000	\$38,160,000
Difference in APTCs	\$23,480,000	\$22,560,000	\$24,990,000	\$18,020,000	\$17,650,000	\$27,380,000
PTC Adjustment	-\$660,000	-\$630,000	-\$700,000	-\$510,000	-\$500,000	-\$770,000
Difference in User Fees	-\$760,000	-\$730,000	-\$800,000	-\$620,000	-\$620,000	-\$850,000
Difference in Insurer Fees	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Net Federal Savings	\$22,060,000	\$21,200,000	\$23,490,000	\$16,890,000	\$16,530,000	\$25,760,000

**Appendix D**  
**5 and 10 year Projections**



Tables 11, 12, and 13 show various information as required under the CMS checklist.

In Table 11, the second lowest cost silver for each rating area is based on the 27-year old non-tobacco premium.

**Table 11: Estimated Second Lowest Cost Silver Plan Premium PMPM, with and without Reinsurance  
by Rating Area and Year**

Rating Area	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Baseline</b>											
1	\$439	\$476	\$498	\$520	\$547	\$575	\$604	\$634	\$663	\$695	\$728
2	\$474	\$514	\$538	\$562	\$591	\$621	\$653	\$684	\$716	\$750	\$786
3	\$439	\$476	\$498	\$520	\$547	\$575	\$604	\$634	\$663	\$695	\$728
4	\$472	\$512	\$536	\$560	\$589	\$619	\$650	\$682	\$713	\$748	\$784
<b>After Reinsurance</b>											
1		\$438	\$459	\$478	\$502	\$527	\$553	\$578	\$604	\$632	\$661
2		\$473	\$495	\$516	\$542	\$569	\$597	\$624	\$652	\$682	\$714
3		\$438	\$459	\$478	\$502	\$527	\$553	\$578	\$604	\$632	\$661
4		\$471	\$493	\$514	\$541	\$567	\$595	\$622	\$650	\$680	\$711



**Table 12: Estimated Enrollment by FPL, with and without Reinsurance, by Year**

	2019	2020	2021	2022	2023	2024
<b>Baseline</b>						
Total Non-Group Enrollment	48,865	46,422	46,176	45,946	45,685	45,429
Total Non-Group APTC Eligible	33,728	32,506	32,506	32,506	32,506	32,506
<100% of FPL	-	-	-	-	-	-
≥100% to ≤150% of FPL	4,135	3,985	3,985	3,985	3,985	3,985
>150% to ≤200% of FPL	8,732	8,415	8,415	8,415	8,415	8,415
>200% to ≤250% of FPL	7,016	6,762	6,762	6,762	6,762	6,762
>250% to ≤300% of FPL	5,787	5,577	5,577	5,577	5,577	5,577
>300% to ≤400% of FPL	8,059	7,767	7,767	7,767	7,767	7,767
>400% of FPL	15,137	13,915	13,670	13,440	13,179	12,923
<b>After Reinsurance</b>						
Total Non-Group Enrollment		46,888	46,632	46,405	46,139	45,883
Total Non-Group APTC Eligible		32,506	32,506	32,506	32,506	32,506
<100% of FPL		-	-	-	-	-
≥100% to ≤150% of FPL		3,985	3,985	3,985	3,985	3,985
>150% to ≤200% of FPL		8,415	8,415	8,415	8,415	8,415
>200% to ≤250% of FPL		6,762	6,762	6,762	6,762	6,762
>250% to ≤300% of FPL		5,577	5,577	5,577	5,577	5,577
>300% to ≤400% of FPL		7,767	7,767	7,767	7,767	7,767
>400% of FPL		14,382	14,126	13,898	13,632	13,377





**Table 13: Estimated Enrollment by Metal Level with and without Reinsurance, by Year**

	2019	2020	2021	2022	2023	2024
<b>Baseline</b>						
Total Non-Group Enrollment	48,865	46,422	46,176	45,946	45,685	45,429
Catastrophic	392	373	371	369	367	365
Bronze	32,156	30,548	30,387	30,235	30,063	29,895
Silver	13,495	12,820	12,752	12,689	12,617	12,546
Gold	2,821	2,680	2,666	2,653	2,638	2,623
Platinum	-	-	-	-	-	-
<b>After Reinsurance</b>						
Total Non-Group Enrollment		46,888	46,632	46,405	46,139	45,883
Catastrophic		379	377	375	373	371
Bronze		30,911	30,741	30,592	30,416	30,248
Silver		12,876	12,806	12,743	12,671	12,600
Gold		2,723	2,708	2,695	2,679	2,665
Platinum		-	-	-	-	-

## **Appendix E Reliances**



The following is a list of the data Wakely relied on for the analysis:

- Issuer submitted premium and enrollment information for 2016, 2017, 2018, and for January/February/March 2019
- Insurers submitted APTC information, including enrollment and premiums, for 2018 and January/February/March 2019
- Insurer submitted paid claim continuance tables for 2016, 2017 and 2018 as well as 2017 EDGE data
- The 2016, 2017, and 2018 Open Enrollment Report PUF produced by HHS<sup>29 30 31</sup>
- Effectuated Enrollment Reports released by CMS<sup>32</sup>
- CBO Analysis on Impact of Repeal of the Mandate<sup>33</sup>

Wakely made some assumptions in working with the available data. These assumptions may impact the results of the analyses and were reviewed by Montana for reasonability.

Any impact due to private commercial reinsurance was not reflected in the analyses but the parameters were set to minimize overlap with private reinsurance.

The following are additional reliances and caveats that could have an impact on results:

- Data Limitations. Wakely received data submissions for full year 2016, 2017, and 2018 and emerging 2019 experience from insurers offering individual market ACA-compliant plans. The majority of the insurers submitted all the requested information. Wakely relied on the data submitted from all insurers for significant portions of this analysis. We reviewed the data for reasonability, but we did not audit the data. To the extent that the data is not correct, the results of this analysis will be impacted.
- Political Uncertainty. There is significant policy uncertainty. Future federal actions in regards to reinsurance funds, direct enrollment, silver-loading, prescription drugs, and/or CSR payments could significantly change premiums and enrollment in 2020 or future years. In particular, CSR funding or a requirement to spread the cost of CSRs across all

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<sup>29</sup> <https://aspe.hhs.gov/health-insurance-marketplaces-2016-open-enrollment-period-final-enrollment-report>

<sup>30</sup> [https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/Plan\\_Selection\\_ZIP.html](https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/Plan_Selection_ZIP.html)

<sup>31</sup> [https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/2018\\_Open\\_Enrollment.html](https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/2018_Open_Enrollment.html)

<sup>32</sup> <https://downloads.cms.gov/files/effectuated-enrollment-snapshot-report-06-12-17.pdf>

<sup>33</sup> <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>



metal levels could significantly decrease the pass-through percentage relative to what was estimated in this report. State political reactions to changes in the individual market could alter the results. Finally, at the time of writing the report the HRA regulation had not been finalized. Changes to policy encapsulated in that proposed regulation may impact the results of this report.

- **Enrollment Uncertainty.** Additionally, there is enrollment uncertainty. Beyond changes to potential rates and policy, individual enrollee responses to these changes also have uncertainty (for example, state mandate). All of these uncertainties result in limitations in providing point estimates on reinsurance parameters and impacts of a 1332 waiver.
- **Premium Uncertainty.** Given that several recent changes to statutory and regulatory rules of the individual market (e.g., mandate) have not reached steady state in their effects on the individual market, there is uncertainty in how insurers may respond in their 2020 premiums. These uncertainties result in limitations in providing point estimates on reinsurance parameters and impacts of a 1332 waiver.
- **Pass-Through Uncertainty.** Ultimately, the Department of Health and Human Services and the Department of Treasury model the pass-through amounts. The extent to which the exact assumptions and micro-simulation modeling differs from Wakely's models, differences in the pass-through amounts are possible.
- **Reinsurance Operations.** If actual operations of the reinsurance program differ from the data configurations used in this analysis, Wakely's analysis would need to be adjusted to match actual reinsurance data requirements. Changes to assumed data requirements, actual data requirements, and data submission quality for reinsurance operations may impact the results.

**Appendix F**  
**Disclosures and Limitations**



**Responsible Actuary.** Julie Peper is the actuary responsible for this communication. She is a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to issue this report. Michael Cohen contributed significantly to the analysis and contents of this report.

**Intended Users.** This information has been prepared for the sole use of the Board and the state of Montana. Wakely understands that the report will be public and used in the 1332 waiver process. Distribution to such parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this report should retain their own actuarial experts in interpreting results. This information is proprietary.

**Risks and Uncertainties.** The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. The extent to which the enrollment experience for 2020 is different from expected, results could be affected. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that Montana will attain the estimated values included in the report. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

**Conflict of Interest.** The responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying these analyses. In addition, Wakely is organizationally and financially independent of Montana.

**Data and Reliance.** We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. The information included in the 'Data and Methodology' and 'Reliances and Caveats' sections identifies the key data and assumptions.

**Subsequent Events.** These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws regarding health benefit plans may have a material impact on the results included in this report. In addition, many of the assumptions are based on the initial 2019 experiences. Change in emerging 2019 enrollment and experience could impact the results. Additional changes in regulations (e.g., premium adjustment percentage) could impact findings. For example, at the time of writing the report the HRA regulation had not been finalized and was not included in the analysis.

**Contents of Actuarial Report.** This document (the report, including appendices) constitutes the entirety of actuarial report and supersede any previous communications on the project.



**Deviations from ASOPs.** Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses are in compliance with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 41, Actuarial Communication

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

**ATTACHMENT B**

STEVE BULLOCK  
GOVERNOR



MIKE COONEY  
LT. GOVERNOR

June 18, 2019

The Hon. Alex M. Azar, Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

The Hon. Steven T. Mnuchin, Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Azar and Secretary Mnuchin,

The State of Montana respectfully asks for your assistance in creating a solution to the increasingly destabilized individual health insurance market by approving our 1332 State Innovation Waiver application for a public reinsurance program. As detailed in this application, Montana is requesting that Section 1312(c)(1) under Section 1332 of the Affordable Care Act (ACA) be waived for a period of five years beginning in the 2020 plan year to develop a state reinsurance program. This Waiver will not affect any other provision of the ACA and adheres to the consumer protection guardrails established by Section 1332, but will result in a lower market-wide index rate, thereby lowering premiums and reducing the federal cost of premium tax credits.

Unless we take action in the form of a strong reinsurance program, a key component of Montana's success in reducing the number of uninsured Montanans will be significantly hampered. Our market has had stable insurer participation, but has also experienced significant losses in enrollment and increasing premiums. The uninsured rate in April 2016 was approximately 7.4 percent, down from 20 percent in 2012. But in recent years insurance rates in the individual market have risen by 113 percent, to a dangerous and unsustainable amount, reversing this trend and driving the uninsured rate in the opposite direction. Between April 2016 and January 2019, enrollment in the individual health insurance market declined by more than 35 percent.

Unless immediate corrective action is taken, the cost of health insurance will continue to rise for the approximately 50,000 Montanans who depend on individual market health insurance. With a public reinsurance program, Montana will strengthen its individual market and provide greater access through lower premiums to its citizens.



June 18, 2019  
Secretaries Azar and Mnuchin  
Page 2

As demonstrated in the comprehensive analysis included in this application, we believe your assistance at the federal level, including federal pass-through funds, will allow more predictability in the individual health insurance market and allow Montana's Reinsurance Program to lower premiums across the state. This program will also assist with maintaining competition in the individual health insurance market and ensure that there is a reasonable number of plan choices for all Montanans. Combined with the state resources provided by the Montana Legislature, your expedited approval and federal contribution will assist us in preserving the recent progress in health care access and deliver savings for the people of Montana.

Thank you.

Sincerely,



STEVE BULLOCK  
Governor

# COMMISSIONER OF SECURITIES & INSURANCE

**MATTHEW M. ROSENDALE, SR.**  
COMMISSIONER



**OFFICE OF THE MONTANA  
STATE AUDITOR**

The Honorable Steven Mnuchin  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington DC, 20220

The Honorable Alex Azar  
Secretary of Health and Human Services  
Department of Health and Human Services  
200 Independence Ave. SW  
Washington DC, 20220

June 18, 2019

Dear Secretary Azar and Secretary Mnuchin:

Lowering the cost of health care is one of my highest priorities as the Commissioner of Insurance for the State of Montana. As part of that goal, my office has worked with other stakeholders to craft and pass bipartisan legislation creating the Montana Reinsurance Program to stabilize the individual market and reduce premiums. The State of Montana now submits a State Innovation Waiver application under PPACA Section 1332 for your review and consideration, and I respectfully ask that you approve this waiver as soon as possible.

Approval of Montana's State Innovation Waiver application would provide relief to the state's most volatile market and reduce premiums for Montanans by waiving PPACA's single risk pool requirement and providing federal pass through funding to the Montana Reinsurance Program. The program is designed to work behind the scenes to reimburse a portion of claims in the individual market without any disruption to insured Montanans and is funded through a combination of state assessments on Member Insurers and these federal passthrough funds. We anticipate a reduction in premiums by eight percent or more beginning in 2020, resulting in expanded access to private coverage and lower health care costs for Montanans.

I appreciate your consideration of Montana's waiver application. Please do not hesitate to reach out should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew M. Rosendale Sr.", is written over a light blue rectangular background.

Matthew M. Rosendale Sr.  
Montana Commissioner of Securities and Insurance

June 19, 2019

The Hon. Alex M. Azar, Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

The Hon. Steven T. Mnuchin, Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Azar and Secretary Mnuchin,

With this application, the board of directors of the Montana Reinsurance Association request that Section 1312(c)(1) under Section 1332 of the ACA be waived for a period of five years beginning in the 2020 plan year to develop a Montana Reinsurance Program.

Montana is fortunate to have three health insurers offering coverage in the Exchange; the same three insurers offered Exchange coverage in 2014. In 2014 – 2016, the individual health insurance market covered 7 to 8 percent of the population in Montana. In 2019, that number has shrunk to about 5 percent. Many Montanans are finding coverage unaffordable, and some are forced to drop coverage. Enrollment in the individual market dropped 35.5 percent between 2016 and 2019, and the uninsured rate, increased from 7.4 percent in 2016 to 8.6 percent in 2019.

The individual market provides a critical safety net. It generally consists of early retirees, the self-employed, part-time employees or employees of small employers that do not offer a health plan. Approximately 33 percent of Montanans are 55 or older. Health insurance premiums spike at that age. In the individual market in Montana, the 55 to 64 age category continues to have the largest number of enrollees. Montanans age 50 to 64 are often the ones who feel the full impact of individual market premium increases. Because they do not usually have dependents, their income level is often higher, and therefore, they do not qualify for premium assistance.

The creation of a state reinsurance program through a section 1332 Waiver will bring more stability to Montana's individual health insurance market through state-based innovation. By reimbursing insurers for high-cost claims, the reinsurance program will spread risk across the broader Montana health insurance market, thereby lowering premiums and increasing access to affordable private coverage. Increased enrollment will assist with maintaining competition and stabilizing the risk pools, which will lower rates.

Thank you for your consideration and swift approval of Montana's waiver request.

Sincerely,



Mike Batista, Chair  
Montana Reinsurance Association Board of Directors



AN ACT ESTABLISHING THE MONTANA REINSURANCE ASSOCIATION AND PROGRAM; REQUIRING MANDATORY MEMBERSHIP OF HEALTH AND DISABILITY INSURERS; PROVIDING FOR A BOARD OF DIRECTORS; ESTABLISHING DUTIES OF THE INSURANCE COMMISSIONER; PROVIDING DUTIES AND POWERS OF THE BOARD AND ADMINISTRATOR; ESTABLISHING ASSOCIATION MEMBER ASSESSMENTS; ESTABLISHING REINSURANCE PAYMENTS TO ELIGIBLE HEALTH INSURERS; PROVIDING FOR DATA CONFIDENTIALITY; PROVIDING RULEMAKING AUTHORITY; PROVIDING FOR A SPECIAL REVENUE ACCOUNT; PROVIDING FOR CONTINGENT VOIDNESS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1. Short title -- purpose.** [Sections 1 through 15] may be cited as the "Montana Reinsurance Association Act". The purpose of this act is to establish a Montana-based public reinsurance program in order to stabilize the individual health insurance market, maintain competition, and reduce premiums.

**Section 2. Reinsurance association -- mandatory membership -- exceptions.** (1) The Montana reinsurance association is established as a nonprofit legal entity. As a condition of doing business, an insurer that has issued or renewed disability insurance, as defined in 33-1-207, regardless of license type, in this state in the past 12 months must be a member of the association.

(2) Disability insurers are exempt from the requirement to be association members and are not subject to the assessment in [section 8] if the insurers solely issue or administer one or more of the following coverage types under the Montana Insurance Code:

- (a) self-funded multiple employer welfare arrangements licensed under chapter 35;
- (b) disability insurance sold through a fraternal benefit society as described in chapter 7;
- (c) excepted benefits as defined in 33-22-140;
- (d) long-term care insurance as described in chapter 22, part 11; or

(e) disability income insurance as defined in 33-1-235.

**Section 3. Definitions.** As used in [sections 1 through 15] the following definitions apply:

(1) "Association" means the Montana reinsurance association provided for in [sections 1 through 15].

(2) "Attachment point" means the threshold amount for claims costs incurred by an eligible health insurer for an enrolled individual's covered benefits in a benefit year, beyond which the claims costs for benefits are eligible for reinsurance payments.

(3) "Benefit year" means the calendar year for which an eligible health insurer provides coverage through an individual health insurance policy.

(4) "Board" means the association's board of directors provided for in [section 4].

(5) "Coinsurance rate" means the rate at which the association will reimburse an eligible health insurer for claims incurred for an enrolled individual's covered benefits in a benefit year above the attachment point and below the reinsurance cap.

(6) "Eligible health insurer" means a health insurer, health service corporation, or health maintenance organization that:

(a) offers individual health insurance coverage in the individual market, as defined in 33-22-140;

(b) offers a qualified health plan as defined in 42 U.S.C. 18021(a) that does not discriminate on the basis of health status in rating or issuance, covers all essential health benefits, and does not impose lifetime or annual limits or exclude pre-existing conditions; and

(c) incurs claims costs for an individual enrollee's covered benefits in the applicable benefit year.

(7) "Major medical" health insurance includes individual market and employer group health insurance that:

(a) is guaranteed available;

(b) is guaranteed renewable;

(c) does not impose pre-existing condition exclusions;

(d) (i) offers essential health benefits as defined in 42 U.S.C. 18022; or

(ii) for large employer group coverage, meets the federal requirements for minimum value;

(e) pays medical claims, with no lifetime or annual limits; and

(f) complies with the federal limits for maximum out-of-pocket.

(8) "Payment parameters" means the attachment point, reinsurance cap, and coinsurance rate for the Montana reinsurance program.

(9) "Program" means the Montana reinsurance program operated by the Montana reinsurance association.

(10) "Reinsurance cap" means the maximum amount of each claim incurred by an eligible health insurer for an enrolled individual's covered benefits in a benefit year, after which the claims costs for benefits are no longer eligible for reinsurance payments.

(11) "Reinsurance payments" means an amount paid by the association to an eligible health insurer under the program.

**Section 4. Association board of directors.** (1) The association is governed by a board of directors consisting of five directors who have experience in health care, health insurance, or finance as follows:

(a) three directors, one each from the eligible health insurers with the largest enrollment in the individual market. If there are fewer than three, the board shall select another director from a health insurance issuer that markets primarily major medical insurance.

(b) one insurer director appointed by the commissioner who is a participating member of the association;  
and

(c) one director appointed by the governor to represent the public interest.

(2) The board of directors may be reimbursed by the association for travel expenses, but may not otherwise be compensated for their services.

(3) Each director has one vote.

(4) Initial appointments must be finalized no later than May 1, 2019, and the board shall meet for the first time no later than May 8, 2019.

**Section 5. Duties of commissioner -- rulemaking.** (1) The commissioner shall:

(a) oversee the activities of the association and the board;

(b) examine the affairs of the board and program;

(c) approve the plan of operation set by the board as needed within 30 days of receiving the plan or amendments to the plan from the board;

(d) with the assistance of the association, collect the assessment and the federal funding designated for this program;

(e) designate staff to attend meetings of the board and the association as an ex-officio member; and

(f) require all eligible health insurers to calculate the premium amount the eligible health insurer would have charged for the benefit year if the Montana reinsurance program had not been established. The eligible health insurer must submit this information as part of its rate filing. The commissioner shall consider this information as part of the rate review.

(2) The commissioner may adopt rules necessary to implement [sections 1 through 15]. Any proposed administrative rules must be submitted to the board for review and comment before the proposed rules are submitted to the secretary of state.

**Section 6. Board duties -- powers.** (1) The board shall:

(a) adopt a plan of operation and the reinsurance parameters for the following year, no later than June 15, 2019, in accordance with the requirements of [sections 1 through 15], and update the plan of operation and reinsurance parameters, if needed, no later than May 1 of each succeeding year. The board shall submit its plan of operation to the commissioner for approval.

(b) establish administrative and accounting procedures for the association and the program;

(c) select an association administrator in accordance with [section 7] who will pay reinsurance claims in accordance with the plan of operation; and

(d) set the budget for the reinsurance program for each policy year, including the assessment levels as provided in [section 8] for the various members of the association.

(2) The board may:

(a) enter into contracts as necessary to carry out the purposes of [sections 1 through 15];

(b) appoint appropriate actuarial or other committees as necessary to provide technical assistance and any other functions within the authority of the association; and

(c) apply for funds or grants from public or private sources.

(3) The board may be audited by the legislative auditor.

(4) An annual review of the association and the program for solvency and compliance must be performed by an independent certified public accountant using generally accepted accounting principles and submitted to

the commissioner and the economic affairs committee of the legislature provided for in 5-5-223 as provided in 5-11-210 for review by June 30 of each year, beginning in 2020.

(5) The board shall prepare an annual report on operations and finance and send that report to the economic affairs interim committee as provided in 5-11-210 and the commissioner by June 30 of each year, beginning in 2020.

**Section 7. Association administrator.** (1) The board shall select an administrator, who is either an employee of the nonprofit association or an independent contractor, to administer the reinsurance program pursuant to the parameters decided by the board of directors. The board shall establish qualifications and compensation in the plan of operation for the administrator and the length of the contract of an independent contractor.

(2) The administrator shall:

- (a) perform all administrative functions relating to the association;
- (b) submit regular reports to the board regarding the operation of the association. The frequency, content, and form of the reports must be set forth in the plan of operation.
- (c) pay reinsurance claims as provided for in the plan of operation.

**Section 8. Association member assessments.** (1) (a) (i) For 2020 and each year thereafter, the commissioner shall assess each member insurer 1.2% of its total premium volume covering Montana residents, from the prior calendar year, regardless of type of license.

(ii) For purposes of subsection (1)(a)(i), total premium volume may not include premiums that member insurers collect on any coverage issued for excepted benefits as defined in 33-22-140.

(b) The board shall determine the timing of the assessment.

(c) The commissioner shall consider the board's recommendation when determining the assessment amounts.

(d) The commissioner shall verify the amount of each insurer's assessment based on annual financial statements and other reports determined to be necessary.

(2) The association shall determine and report to the commissioner the association's reinsurance payments and other expenses for the previous calendar year, including administrative expenses and any incurred



but not reported claims for the previous calendar year.

(a) The report must consider investment income and other appropriate gains.

(b) The report must include an estimate of the assessments needed to cover the expected reinsurance claims for the following calendar year.

(3) If assessments and other funds collected by the association exceed the actual losses and administrative expenses of the association, the board shall use the excess funds to offset future claims or to reduce future assessments.

(4) The commissioner may, after notice and hearing:

(a) suspend or revoke the certificate of authority to transact insurance in this state of any member insurer that fails to pay an assessment;

(b) impose a penalty on any insurer that fails to pay an assessment when due; or

(c) use any power granted to the commissioner to collect any unpaid assessment.

(5) An eligible health insurer may not submit claims for reinsurance payments unless the insurer has a medical loss ratio of 80% or greater, as defined in 45 CFR 158.221.

**Section 9. Payment parameters.** (1) The board shall design and adjust the payment parameters to ensure that the payment parameters will:

(a) stabilize or reduce premium rates in the individual market;

(b) increase or maintain participation in the individual market;

(c) mitigate the impact high-cost individuals have on premium rates in the individual market;

(d) consider any federal funding available for the plan; and

(e) consider the total amount available to fund the plan.

(2) The attachment point must be set by the board at \$40,000 or more, but may not exceed the reinsurance cap.

(3) The coinsurance rate must be set by the board between 50% and 80%.

(4) The reinsurance cap must be set by the board at \$1,000,000 or less.

(5) The board may adjust the payment parameters annually to the extent necessary to secure federal approval of the state innovation waiver.

**Section 10. Calculation of reinsurance payments.** (1) Each reinsurance payment must be calculated with respect to an eligible health insurer's incurred claims costs for an individual enrollee's covered benefits in the applicable benefit year. If the claims costs do not exceed the attachment point, the reinsurance payment is \$0. If the claims costs exceed the attachment point, the reinsurance payment must be calculated as the product of the coinsurance rate and the less of:

- (a) the claims costs minus the attachment point; or
- (b) the reinsurance cap minus the attachment point.

(2) The board shall ensure that the reinsurance payments made to the eligible health insurer do not exceed the total amount paid by the eligible health insurer for any eligible claim.

(3) For purposes of this section "total amount paid" means the amount paid by the eligible health insurer based on the allowed amount less any deductible, coinsurance, or co-payment.

**Section 11. Administration of reinsurance payments.** (1) Claims that are incurred during a benefit year and are submitted for reimbursement in the following benefit year by the date established by the board in the plan of operation will be allocated to the benefit year in which they are incurred. Claims submitted after the date established by the board following the benefit year in which they were incurred will be allocated to the next benefit year in accordance with the board's operating rules, policies, and procedures.

(2) If funds accumulated in the reinsurance program account in the state special revenue fund with respect to a benefit year are expected to be insufficient to pay all program expenses, claims for reimbursement, and other disbursements allocable to that benefit year, all claims for reimbursement allocable to that benefit year must be reduced proportionately to the extent necessary to prevent a deficiency in the funds for that benefit year. Any reduction in claims for reimbursement with respect to a benefit year must apply to all claims that are allocated to that benefit year without regard to when those claims were submitted for reimbursement, and any reduction must be applied to each claim in the same proportion.

(3) If funds accumulated in the reinsurance program account in the state special revenue fund exceed the actual claims for reimbursement and program expenses of the association in a given benefit year, the board shall use such excess funds to pay reinsurance claims in successive benefit years and may recommend to the commissioner a reduction in the assessment amount for the following year.

(4) For each applicable benefit year, the board must notify eligible health insurers of reinsurance

payments to be made for the applicable benefit year by the date established by the board in the plan of operation in the year following the applicable benefit year.

(5) By August 15 of the year following the applicable benefit year, the board must disburse all applicable reinsurance payments payable to an eligible health insurer.

**Section 12. Eligible health insurer requests for reinsurance payments.** (1) An eligible health insurer shall:

(a) make requests for reinsurance payment in accordance with any requirements established by the board;

(b) provide the association with access to data according to the rules and timeline established by the board in the plan of operation or by the commissioner in the administrative rules. The data environment utilized must be compatible with the federal risk adjustment program.

(c) maintain documents and records sufficient to substantiate the requests for reinsurance payments made pursuant to [sections 1 through 15] for a period of at least 6 years;

(d) apply all managed care, utilization review, case management, preferred provider arrangements, claims processing, and other methods of operation, as appropriate to each claim without regard to whether such claim is eligible for or may be paid by reinsurance;

(e) make records available upon request from the commissioner or the board for purposes of verification, investigation, audit, or other review of reinsurance payment requests; and

(f) repay to the reinsurance program account in the state special revenue fund any reinsurance overpayments as determined by the commissioner as a result of an investigation, audit or other review.

(2) Data collected from eligible health insurers under this section is confidential and not subject to public inspection.

**Section 13. Liability of association members.** An association member may not be held liable for the acts or omissions of the association board or the association membership.

**Section 14. State and federal special revenue accounts -- reinsurance program.** (1) (a) There is

a reinsurance program account in the state special revenue fund established by 17-2-102. The account must be administered by the commissioner for the benefit of the program.

(b) There must be deposited in the account:

(i) all assessments collected under [section 8];

(ii) any interest and income earned on the account; and

(iii) any other money from any other source accepted for the benefit of the account.

(c) The account may be used only to provide funding for the administration, operation, and claims expenses incurred by the program created in [section 2].

(2) There is an account in the federal special revenue fund to the credit of the board and administered by the commissioner for the benefit of the program. There must be deposited in the account:

(a) federal funding allocated as a result of a section 1332 waiver application;

(b) any federal or grant funding; and

(c) any interest and income earned on the account.

**Section 15. State innovation waiver.** The commissioner, the governor, and the board shall jointly apply, no later than July 1, 2019, to the U.S. secretary of health and human services under 42 U.S.C. 18052, for a state innovation waiver and federal pass-through funding to implement [sections 1 through 15] for benefit years beginning January 1, 2020, and future years, to maximize federal funding.

**Section 16. Transition.** Within 1 year after [the effective date of this act], the board of directors may apply an initial administrative assessment on Montana reinsurance association members. The initial assessment must be approved by the insurance commissioner. The initial administrative assessment may pay for costs associated with the submission of the state innovation waiver pursuant to [section 15] and initial costs of the program.

**Section 17. Codification instruction.** [Sections 1 through 15] are intended to be codified as an integral part of Title 33, and the provisions of Title 33 apply to [sections 1 through 15].

**Section 18. Contingent voidness.** The implementation of [sections 1 through 15] is contingent upon

the approval of the state innovation waiver under [section 15]. If the state innovation waiver is not approved, [this act] is void.

**Section 19. Effective date.** [This act] is effective on passage and approval.

**Section 20. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to premiums collected from health insurers on or after January 1, 2019.

- END -

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**eCalendar**

Jessica Rhoades

Governor's Office (gov) ◀ June 2019 ▶

◀ **June** ▶

Mo	Tu	We	Th	Fr	Sa	Su	
27	28	29	30	31	1	2	wk
3	4	5	6	7	8	9	wk
10	11	12	13	14	15	16	wk
17	18	19	20	21	22	23	wk
24	25	26	27	28	29	30	wk

**Today**

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Search:

From: Month:  Year:

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*Title* Montana Reinsurance Waiver Public Hearing and Request for Public Comment

*Date* 2019/06/17 - 2019/06/17

*Time* 01:30 PM - 03:00 PM

*Location* Montana Capital, Helena, MT

*Contact name* Amber Conger

*Contact phone* (406) 444-5764

*Contact email* [aconger@mt.gov](mailto:aconger@mt.gov)

*Event type* Standard event

*Event status*

*Author* Jessica Rhoades

**1332 Waiver Application for Public Comment**

**May 15, 2019**

**About the waiver**

**Senate Bill No. 125**, establishing a Montana public reinsurance program, was signed into law on April 30, 2019. SB 125 authorizes the governor, the insurance commissioner, and a governing board of the Montana Reinsurance Association created by SB 125 to jointly apply for a State Innovation Waiver from the federal government, and the public is invited to comment on Montana's application. The waiver, also known as a 1332 waiver, is an opportunity for states to implement innovations that help increase access to quality, affordable health insurance for their residents. Federal savings from these changes can be used to fund innovation at the state level.

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**How to comment on the application:**

Download the [waiver application here](#) to review it.

Although you may comment in person or in writing, if you comment in person, you are strongly encouraged to also submit comments in writing. Written comments, whether submitted in addition to or instead of in-person comments, will be accepted through June 17, 2019 at 3:00pm. Submit written comments by email to : [Reinsurance@mt.gov](mailto:Reinsurance@mt.gov)

Additional information can be found at <http://reinsurance.mt.gov/>. **The draft document will be updated as additional actuarial data becomes available.**

The Montana Department of Administration will conduct two (2) public hearings regarding the Montana Reinsurance Waiver application. The meetings

will consist of a presentation about the waiver, followed by time for questions and comments from the public. The meeting dates, times, and locations are:

Tuesday, June 4, 2019  
11:00a-12:00p

Room 103,155 W Granite Street, Butte MT 59701

Monday, June 17, 2019  
1:30p-3:00p  
Montana State Capitol Building  
Room 152, 1301 E 6th Ave, Helena, MT 59601

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Attachment(s):

File

[MTreinswaiverapplicationdraftforpubliccomment5152019.pdf](#)



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**ATTACHMENT E**

Ad Number: 20570708

Chris Arvist

, being first duly sworn, deposes and says that he is a Classified Advertising Representative of The Missoulian, a newspaper of general circulation published daily in the City of Missoula, in the County of Missoula, State of Montana, and has charge of the Advertisements thereof.

That the legal regarding:

Waiver Application

a true copy of which is hereto annexed, was published in said newspaper on the following dates: via:

May 19, 2019

Making all 1 publication(s)

Signed: Chris Arvist

Chris Arvist

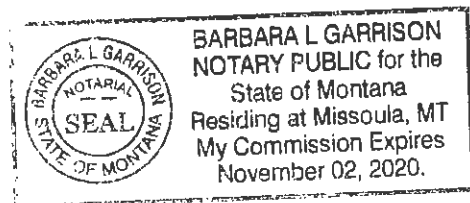
State of Montana  
County of Missoula

Subscribed & sworn before me this 21<sup>st</sup> day of

May 2019 by Chris Arvist.

Barbara L Garrison

Notary Public for the State of Montana





<b>Page</b> :	1 of 2	05/20/2019 13:59:03	<b>Ad Number</b> :	11447787
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<b>Notes</b> :				
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**1332 Waiver Application for Public Comment**

**About the waiver**

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Butte-Silver Bow County Building	Montana State Capitol Building
Room 103	Room 152
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**1332 Waiver Application for Public Comment**

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Jessica Bledsoe, being first duly sworn, deposes and says. That she is the principal clerk of The Billings Gazette, a newspaper of general circulation published daily in the City of Billings, in the County of Yellowstone, State of Montana, and has charge of the Advertisements thereof.

That the 5 Folio legal regarding: a true copy of which is hereto annexed, was published in said newspaper on the following dates: via:

5/19/19

Making all 1 publication(s)

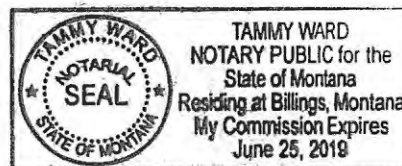
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*Jessica Bledsoe*  
STATE OF MONTANA  
County of Yellowstone

On this day of May, 20 19 before me, the undersigned, a Notary Public for the State of Montana, personally appeared Jessica Bledsoe known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed same. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year first above written.

*Tammy Ward*  
NOTARY PUBLIC for the State of Montana  
Residing at Billings, MT

My commission expires: June 25, 2019



MT DEPT OF ADMIN/A &, E  
1520 E 6TH AVE RM 33  
HELENA, MT 59601

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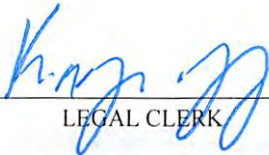
REFERENCE: FAL-014301      CASE NO:  
0003566072                      32 Waiver App for Public Comm

I, being first duly sworn deposes and says that GREAT FALLS TRIBUNE COMPANY is a corporation duly incorporated under the laws of the State of Delaware, that the said GREAT FALLS TRIBUNE COMPANY is the printer and publisher of the GREAT FALLS TRIBUNE, a daily newspaper of general circulation of the County of Cascade, State of Montana, and that the deponent is the principal clerk of said GREAT FALLS TRIBUNE COMPANY, printer of the GREAT FALLS TRIBUNE, and that the advertisement here to annexed...

**1332 Waiver Application for Public Comment About the waiver Senate  
Bill No. 125, establishing a Montana public reinsura**

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05/19/19

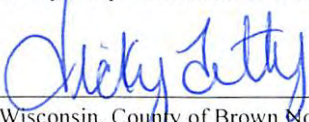
  
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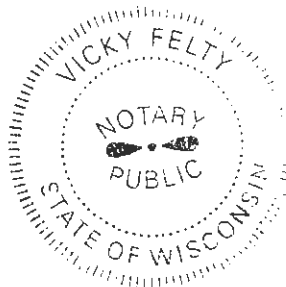
DATE

known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same.

In witness whereof, I have hereunto set my hand and affixed my Notarial Seal of the day and year first above written.

  
\_\_\_\_\_  
State of Wisconsin, County of Brown Notary Public  
9-19-21

Notary Expires



## 1332 Waiver Application for Public Comment

### About the waiver

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Additional information can be found at <http://reinsurance.mt.gov/>. The draft document will be updated as additional actuarial data becomes available.

The Montana Department of Administration will conduct two (2) public hearings regarding the Montana Reinsurance Waiver application. The meetings will consist of a presentation about the waiver, followed by time for questions and comments from the public. The meeting dates, times, and locations are:

Tuesday, June 4, 2019

11:00a-12:00p

Butte-Silver Bow County Building

Room 103

155 W Granite Street

Butte, MT 59701

Monday, June 17, 2019

1:30p-3:00p

Montana State Capitol Building

Room 152

1301 E 6th Ave

Helena, MT 59601

**Accessibility information:**

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(3566072) 5/19/19

MNAXLP

Your Source Public Notices for the latest... Legals

1332 Waiver Application for Public Comment About the waiver Senate Bill No. 125, establishing a Montana public reinsurance program...

Montana intends to use the waiver authority to fund a Montana public reinsurance program. The reinsurance program will reimburse health insurance exchange insurers for certain high-cost claims...

How to comment on the application: Download the waiver application here to review it. Although you may comment in person or in writing, if you comment in person...

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Tuesday, June 4, 2019 11:00a-12:00p Butte-Silver Bow County Building Room 103 155 W Granite Street Butte, MT 59701

Monday, June 17, 2019

Legals 1:30p-3:00p Montana State Capitol Building Room 152 1301 E 6th Ave Helena, MT 59601

Accessibility information: Montana is committed to accommodating people with disabilities. We will make reasonable accommodations for persons with disabilities who need an alternative accessible format...

MNAXLP (3566072) 5/19/19 ADVERTISEMENT FOR BIDS FOR 2019-20 WATER TREATMENT PLANT CHEMICALS

NOTICE IS GIVEN that sealed bids will be received by the City of Great Falls at the Office of the City Clerk, Civic Center, #2 Park Drive South, Room 204, Great Falls, MT 59403...

Specifications are available free of charge at the City of Great Falls, Office of the City Clerk, Civic Center, #2 Park Drive South, Room 204, Great Falls, MT 59403...

The City of Great Falls is an Equal Opportunity Employer. (3567177) 5/19, 5/26, 2019

MNAXLP ADVERTISEMENT FOR BIDS FOR LIQUID ASPHALT

NOTICE IS GIVEN that sealed bids will be received by the City of Great Falls at the Office of the City Clerk, Civic Center, Room 204, P.O. Box 5021, Great Falls, Montana 59403...

Specifications are available free of charge in the Public Works Operations Office or on the City of Great Falls web site at http://www.greatfallsmt.net under "Business & Development - Bids and RFPs".

The City of Great Falls is an Equal Opportunity Employer. (3465294) 5/19, 5/26/2019

MNAXLP INVITATION TO BIDDERS

NOTICE IS HEREBY GIVEN, that the Wheatland County Board of Commissioners will receive sealed bids for the purchase over time of one (1) new 2019, or newer, diesel powered, articulated frame motor grader.

Legals specifications. Phone 406.632.4891 Bids will be opened on the 5th day of June, 2019, at the time of 11:00 o'clock a.m. in the office of the Board of Commissioners, in the Wheatland County Courthouse, Harlowton, MT.

Each bid must be accompanied by a Certified Check, Cashier's Check, or Bid bond payable to the Wheatland County in the amount of ten percent (10%) of the total amount of the bid for the motor grader without deduction for the value of the possible trade in equipment.

All bids shall remain effective for a period of thirty (30) days from the date of opening. Wheatland County reserves the right to consider or reject any and all bids, and further to waive any defects or irregularities.

All bidders are expected to be aware of and to abide by all state and federal statutes, rules, and regulations governing the solicitation and acceptance of public contracts, including any such statute, rule or regulation relating to non-discrimination.

The Board of Commissioners reserves the right to reject any or all bids, to waive irregularities, or to accept any bid they deem to be in the best interest of Wheatland County.

DATED this 8th day of May, 2019.

Richard Moe, Chairman Wheatland County Board of Commissioners (3562355) 5/19, 5/22/19

MNAXLP INVITATION TO BID

Separate sealed bids for construction of Great Falls Public Schools - CMR Structural Upgrades and elevator modernization will be received by the Executive Director of Business and Operations, Brian Patrick, at the office of Great Falls Public Schools, 1150 4th Street South, Great Falls, Montana 59405...

There is a mandatory pre-bid walkthrough on site Wednesday, May 22, 2019 at 3:30 p.m. Meet at the main office inside the West entrance CAR located at 228 17th Ave NW, Great Falls, MT.

This project consists of various structural upgrades and an elevator modernization. Construction is anticipated to start June 10, 2019 and finish by August 15, 2019 with all structural work. Elevator modernization will extend beyond start of school.

The contract documents consisting of Drawings and project Manual may be viewed and obtained at the Great Falls Builders Exchange located at 325 2nd Street South.

CONTRACTOR and any of the CONTRACTOR's subcontractors doing work on this project will be required to obtain registration with the Montana Department of Labor and Industry (DLI). Firms for registration are available from the Department of Labor and Industry, P.O. Box 8011, 1905 Prospect, Helena, Montana 59604-8011. Information on registration can be obtained by calling 1-406-444-7734.

Legals color, religion, sex or national origin.

Each bid or proposal must be accompanied by a Certified Check, Cashier's Check, or Bid Bond payable to Great Falls School District, in an amount not less than ten percent (10%) of the total amount of the bid. Successful BIDDERS shall furnish an approved Performance Bond and Labor and Materials Payment Bond, each in the amount of one hundred percent (100%) of the contract amount.

No bid may be withdrawn after the scheduled time for public opening of bids.

The right is reserved to reject any or all proposals received, to waive informally or to postpone the award of the contract for a period not to exceed sixty (60) days, and to accept the lowest responsive and responsible bid which is in the best interest of the OWNER.

The Great Falls School District is an Equal Opportunity Employer. (0003570319) 5/17, 5/19, 5/26

MNAXLP LEGAL AD DEADLINES:

Pub. Day / Deadline Mon.....Tues. 5:00pm Tues.....Wed. 5:00pm Wed.....Thurs. 5:00pm Thurs.....Fri. 5:00pm Fri.....Mon. 5:00pm Sat.....Tues. 5:00pm Sun.....Tues. 5:00pm

E-mail legal ad submissions for publication to: triblegals@greatfallsribune.com Legal Fax Line: 877-943-0443

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY given that the Cascade County Planning Board will hold a public hearing in Room 105 of the Courthouse Annex, 325 2nd Avenue North, Great Falls on Tuesday, June 4, 2019 at 9:00 a.m. to consider Mountain View Estates North Major Subdivision Preliminary Plat application.

The application and supplementary materials are on file in the Planning Division's office, and any interested person may appear and speak for or against this proposal of the public hearing or submit in writing any comments to the Cascade County Planning office, 121 4th St N, Suite 2 H/I, Great Falls, MT 59401.

CASCADE COUNTY PLANNING DIVISION

Sondor Hopkins, Planner (3571863) May 19, 26, 2019 MNAXLP

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY given that the Cascade County Planning Board will hold a public hearing in Room 105 of the Courthouse Annex, 325 2nd Avenue North, Great Falls on Tuesday, June 4, 2019 at 9:00 a.m. to consider River Bend Estates Phase 2 Major Subdivision Preliminary Plat application.

The application and supplementary materials are on file in the Planning Division's office, and any interested person may appear and speak for or against this proposal of the public hearing or submit in writing any comments to the Cascade County Planning office, 121 4th St N, Suite 2 H/I, Great Falls, MT 59401.

CASCADE COUNTY PLANNING

Legals DIVISION Sondor Hopkins, Planner (3571861) May 19, 26, 2019 MNAXLP

Public Notices

PUBLIC HEARING NOTICE Notice is hereby given that Resolution No. 10292 titled "A resolution by the City Commission of the City of Great Falls, Montana, establishing the rates, fees and penalties associated with Title 10 of the Official Code of the City of Great Falls (OCCFG) pertaining to the City's parking system" will be brought before the Great Falls City Commission for public hearing in the Commission Chambers Room 206, Civic Center Building, 2 Park Drive South, Great Falls, Montana, on Tuesday, May 21, 2019, at 7:00 o'clock p.m.

MNAXLP

Follow us on Twitter

LOST & FOUND

Community Announcements greetings, special notices, happy ads... Lost LOST at either Walmart or Goodwill on 4/29 - a wide gold band, with a cluster of diamonds at the top - 360-477-9609

Public Notice FINDING WORK SHOULDN'T BE WORK. the job network

JUMBLE THAT SCRAMBLED WORD By David L. Hoyt and Jeff K

Unscramble these Jumbles, one letter to each square, to form six ordinary words. VANHEE, TRIBET, KRIQUY, DLUMEO, NROCEF, LWROTE. Includes a cartoon illustration of a man pointing to a board.

PRINT YOUR ANSWER IN THE CIRCLES BELOW

STOP PUNCHING IN KEYWORDS TO FIND CANDIDATES

SUNDAY CROSSWORD PUZZLE PREMIER Crossword By Frank A

REPEATED NOTES grid with numbers 1-16

<b>Page</b>	: 1 of 2	05/14/2019 14:45:11	<b>Ad Number</b>	: 12298938
<b>Order Number</b>	: 20889536		<b>Ad Key</b>	:
<b>PO Number</b>	:		<b>Salesperson</b>	: C99 - Transient Default C99
<b>Customer</b>	: 60016898 MT DEPT OF ADMINISTRATIVE SERVICES		<b>Publication</b>	: Billings Gazette
<b>Contact</b>	:		<b>Section</b>	: Class Liner
<b>Address1</b>	: P O BOX 200101		<b>Sub Section</b>	: Class Liner
<b>Address2</b>	:		<b>Category</b>	: 2250 LEGAL NOTICES
<b>City St Zip</b>	: HELENA MT 596200101		<b>Dates Run</b>	: 05/19/2019-05/19/2019
<b>Phone</b>	: (406) 444-5764		<b>Days</b>	: 1
<b>Fax</b>	:		<b>Size</b>	: 1 x 9.63, 106 lines
	:		<b>Words</b>	: 474
	:		<b>Ad Rate</b>	: Folio
<b>Printed By</b>	: Tammy Ward		<b>Ad Price</b>	: 65.00
<b>Entered By</b>	: Tammy Ward		<b>Amount Paid</b>	: 0.00
	:		<b>Amount Due</b>	: 65.00
<b>Keywords</b>	: 1332 Waiver Application for Public Comment For Rel			
<b>Notes</b>	:			
<b>Zones</b>	:			

**1332 Waiver Application for Public Comment**

**About the waiver**

Senate Bill No. 125, establishing a Montana public reinsurance program, was signed into law on April 30, 2019. SB 125 authorizes the governor, the insurance commissioner, and a governing board of the Montana Reinsurance Association created by SB 125 to jointly apply for a State Innovation Waiver from the federal government, and the public is invited to comment on Montana's application. The waiver, also known as a 1332 waiver, is an opportunity for states to implement innovations that help increase access to quality, affordable health insurance for their residents. Federal savings from these changes can be used to fund innovation at the state level.

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**How to comment on the application:**

Download the [waiver application here](#) to review it.

Although you may comment in person or in writing, if you comment in person, you are strongly encouraged to also submit comments in writing. Written comments, whether submitted in addition to or instead of in-person com-



**Order Number** : 20889536  
**PO Number** :  
**Customer** : 60016898 MT DEPT OF ADMINISTRATIVE SERVICES  
**Contact** :  
**Address1** : P O BOX 200101  
**Address2** :  
**City St Zip** : HELENA MT 596200101  
**Phone** : (406) 444-5764  
**Fax** :  
**Printed By** : Tammy Ward  
**Entered By** : Tammy Ward  
**Keywords** : 1332 Waiver Application for Public Comment For Rel  
**Notes** :  
**Zones** :

**Ad Number** : 12298938  
**Ad Key** :  
**Salesperson** : C99 - Transient Default C99  
**Publication** : Billings Gazette  
**Section** : Class Liner  
**Sub Section** : Class Liner  
**Category** : 2250 LEGAL NOTICES  
**Dates Run** : 05/19/2019-05/19/2019  
**Days** : 1  
**Size** : 1 x 9.63, 106 lines  
**Words** : 474  
**Ad Rate** : Folio  
**Ad Price** : 65.00  
**Amount Paid** : 0.00  
**Amount Due** : 65.00

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 11:00a-12:00p  
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 Room 103  
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 Butte, MT 59701

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 Montana State Capitol Building  
 Room 152  
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 Helena, MT 59601

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Published May 19, 2019

# GREAT FALLS TRIBUNE

PART OF THE USA TODAY NETWORK

Order Confirmation for Ad #: 0003566072

<b>Customer:</b>	MT DEPT OF ADMIN/A &, E
<b>Address:</b>	1520 E 6TH AVE RM 33 HELENA MT 59601 USA
<b>Acct. #:</b>	FAL-014301
<b>Phone:</b>	4064443104
<b>Ordered By:</b>	Amber Conger

OrderStart Date: 05/19/2019

Order End Date: 05/19/2019

<u>Tear Sheets</u>	<u>Affidavits</u>	<u>Blind Box</u>	<u>Promo Type</u>	<u>Materials</u>	<u>Special Pricing</u>	<u>Size</u>
0	1					1 X 2.00

<u>Net Amount</u>	<u>Tax Amount</u>	<u>Total Amount</u>	<u>Payment Method</u>	<u>Payment Amount</u>	<u>Amount Due</u>
\$99.50	\$0.00	\$99.50	Invoice	\$0.00	\$99.50

Ad Order Notes:

Sales Rep: sbeaton

Order Taker: sbeaton

Order Created 05/14/2019

Product	# Ins	Start Date	End Date
FAL-gftribune.com	1	05/19/2019	05/19/2019
05-19-19, FAL-GreatFallsTribune	1	05/19/2019	05/19/2019
05-19-19,			

\* ALL TRANSACTIONS CONSIDERED PAID IN FULL UPON CLEARANCE OF FINANCIAL INSTITUTION

**1332 Waiver Application for  
Public Comment**

**About the waiver**

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**How to comment on the application:**

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(3566072) 5/19/19

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### 1332 Waiver Application for Public Comment

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#20570708 May 19, 2019

## REINSURANCE.MT.GOV

### 1332 Waiver Application for Public Comment

May 15, 2019

#### About the waiver

Senate Bill No. 125 (<https://leg.mt.gov/bills/2019/billpdf/SB0125.pdf>), establishing a Montana public reinsurance program, was signed into law on April 30, 2019. SB 125 authorizes the governor, the insurance commissioner, and a governing board of the Montana Reinsurance Association created by SB 125 to jointly apply for a State Innovation Waiver from the federal government, and the public is invited to comment on Montana's application. The waiver, also known as a 1332 waiver, is an opportunity for states to implement innovations that help increase access to quality, affordable health insurance for their residents. Federal savings from these changes can be used to fund innovation at the state level.

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#### How to comment on the application:

Download the waiver application here (</Portals/212/MTreinswaiverapplicationdraftforpubliccomment5152019.pdf?ver=2019-05-15-140005-917>) to review it.

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**With bipartisan support, Montana's 66th Legislature passed Senate Bill 125 (<https://leg.mt.gov/bills/2019/billpdf/SB0125.pdf>) establishing the Montana Reinsurance Association and Program.**

A public reinsurance program provides payments to insurers to help offset the expenses associated with high cost enrollees who incur high cost claims. Because insurers do not have to cover the full cost of high-cost claims, they are able to keep premiums at lower rates for all enrollees, which could help to encourage additional individuals to enroll in the market.

In addition, Reinsurance will:

- Lower insurance premiums to keep consumers in the individual market and attract new entrants to help reduce the number of Montanans without health insurance.
- Lower premiums to provide financial relief for those not eligible for subsidies.
- Lower costs for tribes implementing TSHIP programs.
- Help ensure a competitive individual market where Montanans across the state have a choice of three ACA insurance options.

The State of Montana must apply by July 1, 2019 to the Secretary of Health and Human services under 42 U.S.C. 18052, for a state innovation waiver and federal pass-through funding to implement in the 2020 plan year. The application must be signed by the Insurance Commissioner and the Governor.

The premium reductions will take effect in January of 2020.

To fund the program a premium tax will be assessed on all major medical policies sold in Montana, excluding self-funded group plans, raising an estimated \$15 million state share. An additional \$60 million in federal funding will be issued that would have otherwise been used as premium tax credits under the Affordable Care Act.

The program will be administered by a non-governmental Board of Directors and an Administrator will advise and assist the Insurance Commissioner's Office.

A newly created five-person board of directors will oversee the distribution of the funds to the insurance companies to offset high dollar claims. The Montana Reinsurance Association Board Members are as follows:

- Dr. Monica Berner, President, BCBSMT
- Richard Miltenberger, CEO, Montana Health Co-op
- Cody Langbehn, V.P. and Montana Regional Director, PacificSource Health Plan
- Richard Daniels, CFO, Allegiance Benefit Plan Management (Commissioner appointment)
- Mike Batista, Associate State Director, AARP Montana (Governor's appointment)

**MONTANA REINSURANCE TRIBAL CONSULTATION**

*Monday June 17, 2019*

*State Capitol  
Governor's Reception Room (2nd Floor)  
1301 E 6th Ave  
Helena, MT 59601*

AGENDA

9:00am Continental breakfast served  
10:00am Welcome Prayer  
Welcome from Governor's Office of Indian Affairs  
Group introductions  
Presentation on Montana's Reinsurance Program and Implementation Timeline  
Discussion, questions, and comments  
12:00pm Hosted Lunch for representatives of tribal nations

**MONTANA REINSURANCE OFFICIAL PUBLIC HEARINGS**

*Tuesday, June 4  
11:00am - 12:00pm  
Butte-Silver Bow County Building  
Room 103  
155 W Granite Street  
Butte, MT 59701*

AGENDA

- Presentation of Montana's Reinsurance Program and Implementation Timeline
- Opportunity for Public Comment

-----  
*Monday June 17, 2019  
1:30pm - 3:30pm  
State Capitol  
Room 152  
1301 E 6th Ave  
Helena, MT 59601*

Join by phone



406-444-4647, access code: 7348972

(Helena Capitol Campus Region)

## AGENDA

- Presentation of Montana's Reinsurance Program and Implementation Timeline
- Opportunity for Public Comment

## MONTANA REINSURANCE ASSOCIATION BOARD MEETING

*Wednesday, May 8, 2019 at 9 am.*

Old Livestock Building, 1310 Lockey Ave, Room 105, Helena, MT 59601  
(<https://goo.gl/maps/ZRs274DgzcQVT4CY9>)



## AGENDA

9:00 am Introduction of Board members and other interested parties

9:15 am Discuss timeline for posting the draft waiver, public hearing, final submission

9:30 am Establish the Reinsurance Association Board as a non-profit entity

9:45 am Administrative Assessment and Set Up Tasks

10:15 am Review other board duties

- Plan of Operation
- Set meeting schedule
- Review Commissioner Duties
- Administrative rules

10:45 am Discuss rough draft of waiver

11:15 am Discuss reinsurance parameters

12:00 pm Adjourn

## **REINSURANCE RESOURCES**

*Learn more about reinsurance:*

Frequently Asked Questions about Reinsurance  
(/Portals/212/REINSURANCE%20Fact%20Sheet%205\_6\_19.pdf)

*How much could reinsurance lower healthcare premiums in Montana?*

Wakely Actuarial Initial Analysis (8.14.2018)  
(/Portals/212/Wakely%20Report%202018\_08\_14\_1.pdf)

*Public presentation on Reinsurance in Montana by the National Governor's Association (7.23.2018):*

NGA Market Stabilization: Reinsurance and Section 1332 Waivers (/Portals/212/Montana NGA Reinsurance Slides 7.20.18.pdf?ver=2019-05-15-134947-707)

*Public presentation by Wakely on Montana's actuarial analysis (7.23.2018):*

Montana Slides Wakely 7.20.18 (/Portals/212/Montana%20Slides%20Wakely%207\_20\_18.pdf)

*2018 Report: Health Coverage and Montana's Uninsured*

Montana Uninsured Report (Summary) 2018 ([https://mthcf.org/wp-content/uploads/2018/06/Uninsured-Report\\_Brief\\_FINAL-Design\\_5.17.18.pdf](https://mthcf.org/wp-content/uploads/2018/06/Uninsured-Report_Brief_FINAL-Design_5.17.18.pdf))

Montana Uninsured Report (Full) 2018 (<https://mthcf.org/resources/uninsured-rate-report-full/>)

*1332 State Innovation Waivers: Searching for Solutions to Stabilize the Individual Health Insurance Market*

1332 State Innovation Waivers (<https://mthcf.org/resources/1332-state-innovation-waivers/>)

*Montana Reinsurance Public Notices*

Public Notice May 15  
(<http://reinsurance.mt.gov/Portals/212/Reinsurance%20Public%20Notice%20May%202015.pdf?ver=2019-05-15-140559-973>)

*Draft Waiver Application*

May 15 draft  
(<http://reinsurance.mt.gov/Portals/212/MTreinswaiverapplicationdraftforpubliccomment5152019.pdf?ver=2019-05-15-140005-917>)

*Montana Reinsurance Bill*

SB125 (<https://leg.mt.gov/bills/2019/billpdf/SB0125.pdf>)

Questions or public comment or want to join the interested parties list?

Email us at [reinsurance@mt.gov](mailto:reinsurance@mt.gov) (<mailto:reinsurance@mt.gov>)



**MONTANA  
DEPARTMENT OF  
ADMINISTRATION**

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Floyd Azure  
Chairman, Fort Peck Assiniboine & Sioux Tribes  
501 Medicine Bear Road  
PO Box 1027  
Poplar, MT 59255

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Azure:

Please join us for a Tribal Consultation hosted by the Office of the Governor and the Montana Department of Administration on **Monday, June 17, 2019** in Helena.

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Additionally, tribes are also invited to attend a public hearing on the new reinsurance program at 1:30 pm on Monday afternoon. The draft agenda is included. If you have any questions, please do not hesitate to contact us. We hope you will be able to attend.



GOVERNOR'S OFFICE OF  
**INDIAN AFFAIRS**

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Governor's Office of Indian Affairs  
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[oia@mt.gov](mailto:oia@mt.gov)



John Lewis, Director  
Department of Administration  
Office: (406) 444-3033  
Mobile: (406) 490-4496  
[doa.mt.gov](http://doa.mt.gov)

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**Monday June 17, 2019**

**Reinsurance Tribal Consultation**

State Capitol

Governor's Reception Room (2<sup>nd</sup> Floor)

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State Capitol	
Room 152	
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	Opportunity for Public Comment



**MONTANA  
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ADMINISTRATION**

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Harlan Baker  
Chairman, Chippewa Cree Tribe  
96 Clinic Rd. N  
Box Elder, MT 59521-8849

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Baker:

Please join us for a Tribal Consultation hosted by the Office of the Governor and the Montana Department of Administration on **Monday, June 17, 2019** in Helena.

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Timothy Davis  
Chairman, Blackfeet Nation  
All Chiefs Square  
PO Box 850  
Browning, MT 59417

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Davis:

Please join us for a Tribal Consultation hosted by the Office of the Governor and the Montana Department of Administration on **Monday, June 17, 2019** in Helena.

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**Monday June 17, 2019**

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Gerald Gray  
Chairman, Little Shell Chippewa Tribe  
615 Central Avenue West  
Great Falls, MT 59404

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Gray:

Please join us for a Tribal Consultation hosted by the Office of the Governor and the Montana Department of Administration on **Monday, June 17, 2019** in Helena.

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Opportunity for Public Comment



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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Gerald Gray  
Chairman, Little Shell Chippewa Tribe  
615 Central Avenue West  
Great Falls, MT 59404

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

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Steve Bullock, Governor

John Lewis, Director

May 6, 2019

Ronald Trahan  
Chairman, Confederated Salish & Kootenai Tribes  
42487 Complex Blvd  
PO Box 278  
Pablo, MT 59855

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Trahan:

Please join us for a Tribal Consultation hosted by the Office of the Governor and the Montana Department of Administration on **Monday, June 17, 2019** in Helena.

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Alvin "A.J." Not Afraid  
Chairman, Crow Nation  
Baacheeitché Avenue  
PO Box 159  
Crow Agency, MT 59022

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Not Afraid:

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Andrew Werk, Jr.  
President, Fort Belknap Assiniboine & Gros Ventre Tribes  
656 Agency Main Street  
Harlem, MT 59526

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Mr. Werk:

Please join us for a Tribal Consultation hosted by the Office of the Governor and the Montana Department of Administration on **Monday, June 17, 2019** in Helena.

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**Director's Office**

Steve Bullock, Governor  
John Lewis, Director

May 6, 2019

Rynalea Whiteman Pena  
President, Northern Cheyenne Tribe  
PO Box 128  
Lame Deer, MT 59043

Re: Invitation to Tribal Consultation re: Reinsurance in Helena – Monday, June 17, 2018

Dear Ms. Pena:

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## Public Hearings: Comment Summary

**On June 4, 2019**, state staff from the Governor’s Office and the Insurance Commissioner’s Office and the contractor from the Montana Health Care Foundation held a public hearing in Butte, Montana. No members of the public came to that hearing.

**On June 17, 2019**, a second hearing was held in the state capital in Helena, Montana. The Commissioner of Securities and Insurance attended that hearing, as well as staff from the Governor’s Office and the Insurance Commissioner’s Office and the contractor from the Montana Health Care Foundation. That hearing was live-streamed and broadcast on the Montana Public Affairs Network and provided an opportunity for call-in comments.

The following information was presented at the hearing on June 17:

- *Background from 2018—public stakeholder meeting, research done, and how the legislation was drafted:*
  - *In 2018, the Montana Health Care Foundation funded research to determine the feasibility of seeking a 1332 State Innovation Waiver from CMS for Montana to help stabilize the individual health insurance market;*
  - *Particular focus was placed on a public reinsurance program similar to the federal reinsurance program that was in effect from 2014 – 2016. There is a continuing need for a program like public reinsurance to support the individual health insurance market. Insurers may no longer refuse to cover individuals with preexisting conditions, and the individual market will always have a higher percentage of individuals with high cost conditions.*
  - *Legal research was funded that studied the 7 states that had already received federal funding under a 1332 waiver for a reinsurance program.*
  - *Actuaries were hired (Wakely) to evaluate individual market health insurance claims experience to determine the feasibility of a claims-based reinsurance program in Montana—including estimated amounts of premium reductions that could be achieved by an infusion of state and federal dollars that will cover a certain percentage of high claims costs.*
  - *A public stakeholder meeting was held in July 2018. Interested parties from all over the state participated, including insurers, consumer advocates, health care providers, the insurance commissioner, the governor and legislators.*
  - *The research was published and distributed to the interested parties.*
  - *As a result of that public meeting, a smaller group representing the same set of interested parties met to draft legislation to introduce in the 2019 legislature.*
  
- *What is a 1332 Waiver and how does it benefit Montana by bringing in federal dollars?*
  - *The “State innovation waiver” was created as part of the Affordable Care Act (ACA). It allows states to waive certain portions of the ACA in order to try different approaches to providing affordable, comprehensive health coverage.*
  - *Under section 1332, certain guardrails must be met. The state program must be at least as comprehensive as current coverage, at least the same level of affordability, cover a comparable number of individuals and not increase the federal deficit. Montana’s proposed reinsurance waiver meets all four guardrails.*
  - *The waiver application must be approved by CMS. Actuarial studies are submitted with the waiver application showing how the state proposal can actually save federal funds. That savings can then be passed on to the state as funding for the proposed state program—these are referred to as “federal pass through funds.”*

- *In the case of state-based public reinsurance, that savings comes from lower premium tax credits paid by the federal government. The reinsurance program lowers health insurance premiums and therefore, the federal dollars spent on premium tax credits will be lower. Those savings can be paid to the state to help fund the reinsurance program, if the Waiver is approved.*
- *The state must contribute part of the funding in order for the waiver application to be considered for approval.*
- *Seven other states have already have approved 1332 reinsurance waivers in place for 2018 and 2019.*
- *Brief description of how public (CLAIMS-BASED) reinsurance works—how it will lower premiums and stabilize the individual market:*
  - *Montana is proposing a “claims-based” reinsurance program. Public dollars are used to pay a portion of individual market health insurance claims within a specified corridor. The program is designed with certain parameters known as the attachment point, the coinsurance and the cap (for example, \$40 K attachment point, 60 % coinsurance and \$100 K cap).*
  - *For example, if a covered individual has claims in excess of \$40 K, the reinsurance program would pay 60 % of those claims above \$40 K up to a cap of \$100 K. The qualified insurer is then able to set their rates lower than those rates otherwise would have been because they can actuarially predict how their claims costs will be reduced.*
  - *A qualified insurer is defined as a licensed health insurer that offers individual health insurance policies on the exchange in Montana.*
  - *This program is invisible to the policyholders. Their coverage remains the same and the claims are managed and paid by the insurer to the healthcare providers in exactly the same manner. The policyholder chooses the insurer and the policy that best fits their needs, and they can switch insurers during any open enrollment period.*
- *Brief overview of SB 125, the Montana Reinsurance Program; how it works—how it is funded?*
  - *Through the efforts of the working group mentioned above, SB 125 was introduced and eventually passed by the 2019 legislature. It creates the Montana Reinsurance Program.*
  - *It is governed by a nonprofit entity, the Montana Reinsurance Association and its board of directors, which consists of 4 insurers and one consumer advocate.*
  - *The Commissioner of Securities and Insurance has regulatory oversight over the program, to the extent set forth in the Act.*
  - *The legislation allows the governor, the board and the commissioner to jointly apply to CMS for a 1332 waiver and federal pass through funding to create a state-based reinsurance program.*
  - *The creation of the program is contingent upon CMS granting a 1332 waiver, which implements a claims-based reinsurance program in Montana in 2020, as described in SB 125.*
  - *The required state funding for this waiver application comes from a 1.2 % assessment on all fully-insured major medical health insurance premiums; there is no general fund money allocated.*
- *What impact will this program have on Montana Consumers and what happens next?--estimated premium impact and effect on maintaining competition in the market:*
  - *Many Montanans will end up in the individual market at some point during their lives—for example: when they age off their parents’ plan, lose access to an employer plan (including early retirees) or lose income eligibility for Medicaid.*
  - *The draft waiver application was posted on May 15, which began the 30-day comment period, during which two public hearings and one tribal consultation was held.*
  - *The Waiver application must be filed in June in order to provide enough time for it to be reviewed and approved by the federal government in time for insurers to set final rates in mid-august.*

- *On June 13, individual health insurers will file two sets of proposed rates—one with reinsurance and one without.*
- *The final waiver application will contain all of the necessary actuarial tables showing the estimated total costs, funding and savings that this program may generate.*
- *For instance, based on the estimated amount of state funding that should be available in 2020, (which is based on 2019 premium volume), the premium reduction may be 8 %-- the total funding for the program could be as much as \$35 million, and approximately 65 % of that amount may come from federal pass through dollars.*
- *There are variables that can occur that may change those actuarial projections.*
- *Another benefit of the reinsurance program is that it will encourage health insurers to stay in the individual market in Montana, thus maintaining competition in that market, as well as an acceptable number of plan choices throughout the entire state.*

**A list of attendees is attached. Comments received at the June 17, 2019 hearing are summarized below.**

- The Montana Primary Care Association spoke in favor of the reinsurance program and agreed with the goals of lowering health insurance premiums and stabilizing Montana’s individual market. The Montana Primary Care Associations sponsors a program called, “Cover Montana” which assists with enrolling individuals into the exchange.

**Additional letters of support were received on the [www.reinsurance.mt.gov](http://www.reinsurance.mt.gov) website; attached.**

# PLEASE SIGN IN:

## Montana Reinsurance Waiver: Public Comment

Monday, June 17<sup>th</sup>

State Capitol

Name: Jess Rhoades

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City, Zip: Helena MT 59601

Phone: 444-5503

Email: jrhoades@md.gov

Name: Richard Miltewberger

Street: 218 LUMP Gulch

City, Zip: CLAWAY MT 59634

Phone: 406 459 0203

Email: richard@mhc.coop

Name: Amber Conger

Street: 125 N Roberts

City, Zip: Helena MT 59601

Phone: 444-5744

Email: aconger@mt.gov



**Montana Reinsurance Waiver: Public Comment**

Monday, June 17<sup>th</sup>  
State Capitol

Name: Commissioner Matt Rosendale  
Street: 840 Helena Ave.  
City, Zip: Helena, MT 59601  
Phone: 406-444-2040  
Email: M.Rosendale@mt.gov

Name: Christina L. Coe  
Street: 446 W. Lawrence  
City, Zip: Helena MT 59601  
Phone: 406 431 9558  
Email: Christina.r.l.coe@gmail.com

Name: Jacey Anderson  
Street: 1805 Euclid Ave  
City, Zip: Helena MT 59601  
Phone: 449-2750  
Email: sanderson@mtipa.org

**Montana Reinsurance Waiver: Public Comment**

Monday, June 17<sup>th</sup>

State Capitol

Name: Chris Laslozich

Street: 406 S Park Ave

City, Zip: Helena MT

Phone: 444-5369

Email: Chris.Laslozich@mt.gov

Name: \_\_\_\_\_

Street: \_\_\_\_\_

City, Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Name: \_\_\_\_\_

Street: \_\_\_\_\_

City, Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_



**Our Mission:** To drive efforts to cure psoriatic disease and improve the lives of those affected.

June 17<sup>th</sup>, 2019

Montana Department of Administration  
Healthcare & Benefits Division  
100 North Park Ave  
P.O. Box 200130  
Helena, MT 59620-0130

Re: Montana Section 1332 State Innovation Waiver

Dear Montana Department of Administration:

The National Psoriasis Foundation (NPF) appreciates the opportunity to submit comments on Montana's Section 1332 State Innovation Waiver. The NPF is a non-profit organization with a mission to drive efforts to cure psoriatic disease and improve the lives of those affected. The NPF is the leading patient advocacy group for more than 8 million Americans and the roughly 26,584 Montana residents living with psoriasis and psoriatic arthritis.

Adequate, affordable, and accessible care for our patient population is essential. In addition to managing psoriatic diseases, our patient community experiences a higher incidence of comorbid conditions, including cardiovascular disease and stroke, diabetes and hypertension, as well as depression and anxiety<sup>1</sup>. Without proper diagnosis and care, quality of life and the efficacy of treatment can be negatively impacted. A strong, robust marketplace is essential to access comprehensive coverage that includes all of the treatments and services that our patients need to stay healthy at an affordable cost. NPF supports Montana's efforts to strengthen its marketplace by submitting this 1332 State Innovation Waiver to implement a reinsurance program.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>2</sup> A recent analysis by Avalere of the seven states that have already created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.<sup>3</sup>

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<sup>1</sup> Journal of American Academy of Dermatology: Joint AAD-NPF guidelines of care for the management and treatment of psoriasis with biologics - April 2019 Volume 80, Issue 4, pages 1029–1072

<sup>2</sup> American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from [https://www.actuary.org/files/publications/Acad\\_eval\\_indiv\\_mkt\\_011817.pdf](https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf).

<sup>3</sup> Avalere. *State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average*. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.

Montana's proposal will create a reinsurance program starting for the 2020 plan year and continuing for 5 years. This program is projected to reduce premiums by 8 percent and increase enrollment in the individual market by 1 percent in 2020 with similar or higher impacts in future years. This is significant as enrollment in the individual market has dropped 35.5 percent between 2016-2019.

NPF believes the 1332 State Innovation Waiver will help stabilize the individual market in Montana and protect patients and consumers. Thank you for the opportunity to provide comments. Should you have any questions for NPF regarding this issue, please contact Brittany Duffy-Goche, State Government Relations Manager ([bduffy-goche@psoriasis.org](mailto:bduffy-goche@psoriasis.org)).

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Beranek', written in a cursive style.

Randy Beranek  
President and CEO  
National Psoriasis Foundation

June 17, 2019

Matthew Rosendale  
Commissioner of Securities and Insurance  
Office of the Montana State Auditor  
840 Helena Ave.  
Helena, MT 59601

Re: Montana 1332 Draft Waiver Application

Dear Commissioner Rosendale:

The American Lung Association in Montana appreciates the opportunity to submit comments on Montana's draft 1332 Waiver Application.

The American Lung Association is the oldest voluntary public health association in the United States, currently representing the 35 million Americans living with lung diseases including asthma, lung cancer and COPD, including more than 130,000 Montana residents. The Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease through research, education and advocacy.

The American Lung Association in Montana believes everyone should have quality and affordable healthcare coverage. A strong, robust marketplace is essential for people with and at risk of lung disease to access the coverage that they need. The Lung Association supports Montana's efforts to strengthen its marketplace by submitting this 1332 Waiver Application to implement a reinsurance program.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>i</sup> A recent analysis by Avalere of the seven states that have already created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.<sup>ii</sup>

Montana's proposal will create a reinsurance program starting for the 2020 plan year and continuing for five years. Based on the initial analysis commissioned by the state, this program is projected to reduce premiums by 8 percent in 2020 and increase the number of individuals obtaining health insurance through the individual market by approximately one percent. This would help patients with pre-existing conditions, including patients with lung disease, obtain affordable, comprehensive coverage.

*Please remember the American Lung Association in your will and trust.*

The American Lung Association believes this 1332 waiver will help stabilize the individual market in Montana and protect patients and consumers. Thank you for the opportunity to provide comments.

Sincerely,

Ronni Flannery  
Director, Healthy Air Campaign  
American Lung Association

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<sup>i</sup> American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from [https://www.actuary.org/files/publications/Acad\\_eval\\_indiv\\_mkt\\_011817.pdf](https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf).

<sup>ii</sup> Avalere. *State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average*. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.

*Please remember the American Lung Association in your will and trust.*



June 17, 2019

Commissioner Matthew M. Rosendale, Sr.  
840 Helena Avenue  
Helena, MT 59601

Re: Montana Section 1332 State Innovation Waiver

Dear Commissioner Rosendale:

On behalf of people with cystic fibrosis, the Cystic Fibrosis Foundation appreciates the opportunity to support Montana's 1332 State Innovation Waiver application to operate a reinsurance program.

Cystic fibrosis (CF) is a life-threatening genetic disease that affects 120 people in Montana and 30,000 children and adults in the United States. CF causes the body to produce thick, sticky mucus that clogs the lungs and digestive system, which can lead to life-threatening infections. As a complex, multi-system condition, CF requires targeted, specialized treatment and medications.

People with CF benefit from insurance marketplaces that offer affordable health plans that cover their complex health needs. The Cystic Fibrosis Foundation supports Montana's creation of a reinsurance program that will make coverage more affordable and expand plan choice by encouraging insurer participation in the marketplace.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>1</sup> A recent analysis by Avalere of the seven states that have created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.<sup>2</sup> Additionally, after Minnesota received approval to implement its reinsurance program, insurers proposed rates for 2019 that were between 3 and 12.4 percent below 2018 premiums.<sup>3</sup>

The Cystic Fibrosis Foundation appreciates the opportunity to provide input on these important policy changes. As the health landscape continues to evolve, we look forward to working with the state of Montana to ensure high quality, specialized CF care and improve the lives of all with cystic fibrosis. Please consider us a resource moving forward.

Sincerely,

**Mary B. Dwight**  
Senior VP of Policy & Patient Assistance Programs  
Cystic Fibrosis Foundation

**Lisa B. Feng, DrPH**  
Senior Director of Access Policy & Innovation  
Cystic Fibrosis Foundation

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<sup>1</sup> American Academy of Actuaries. Drivers of 2015 Health Insurance Premium Changes. (Online). June 2014. Available: [https://www.actuary.org/files/2015\\_Premiums\\_Drivers\\_Updated\\_060414.pdf](https://www.actuary.org/files/2015_Premiums_Drivers_Updated_060414.pdf)

<sup>2</sup> Avalere. State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.

<sup>3</sup> Minnesota Department of Commerce. Insurers' 2019 Proposed Health Insurance Rate. (Online). June 2018. Available: <https://mn.gov/commerce/consumers/yourinsurance/health-insurance/rates/rate-filings/2019>.

## Tribal Consultation Summary 6-17-2019

Staff and contractors from the Montana Governor's office, Department of Administration, Montana Department of Public Health and Human Services and the Montana Health Care Foundation delivered a presentation on Montana's Section 1332 Reinsurance Waiver, and Senate Bill 125. Questions were asked and answered about the individual market, the reinsurance program, and how the program would be implemented in Montana. The questions asked and answered are summarized below. Attendees are listed in the attached sign-in sheet.

Blackfeet Chairman Timothy Davis joined the Tribal Consultation by phone.

- Chairman Davis was asked if his tribe is considering TSHIP; he said he was looking at it as a possibility
- Blackfeet Tribal Chairman: "We're very supportive of this opportunity"
  - Tim Davis Blackfeet Tribal Chair
  - PO Box 850, Browning, MT 59417
  - (406)-338-5513

### Other discussion during meeting:

- Are individuals taxed?
  - Insurance companies have to pay a tax of 1.2% on premiums, not individuals.
- How come the uninsured rate is increasing if Medicaid has expanded?
  - Because of the premium costs in the individual market has increased by 113%.
  - Some people are receiving premium tax credit from federal government. But other people who don't qualify for as much assistance often have to bear the full brunt of premium increases.
- If tribes have Indian Health Service, how does this impact or involve the tribes?
  - Stabilizes individual market; important to keep individual market competitive and offered in rural areas.
  - Many states have higher rates in rural rates. This program helps keeps consumer choice and keeps rates lower in rural areas where many tribes live.
  - Tribes implementing TSHIP will benefit from lower individual market premiums.
  - When a tribal member is covered, IHS gets paid, allowing them to spend more money on necessary medical services.
- When will the new lower rates start?
  - In January 2020, if the waiver is approved.
  - Federal government may contribute up to 65% of the cost of the program (according to actuarial projections).
- Are there other states that have been approved with similar waivers?
  - Yes. In some cases, the premium impact was even larger. It depends in part on how much money the state has to contribute.
  - Maryland was seeking to lower rates by 30%, but that state contributed a lot more money, and their rates were higher to begin with.
- Is it possible in the future to increase the funding?
  - Maybe, but the legislature would have to act.
  - Some states are richer and able to contribute general fund money.
- What happens if it's not approved?
  - The entire program goes away. The 1332 is contingent on the waiver passing. Montana is asking permission to waive a provision of the ACA that affects the single risk pool requirement. The federal government has already approved several Waiver applications relating to reinsurance programs.
  - The 1332 section has guardrails. The proposal must be deficit-neutral to the federal government, at least as comprehensive and affordable, and cover the same number of people.



- The proposal must not reduce funding for other public programs. The reinsurance legislation was supported by the tribes during session (while other proposals were controversial to tribes because of the lack of consumer protection).

Reinsurance/1332 Waiver Application – Tribal Consultation

June 17, 2019

	NAME	ADDRESS	CITY	ZIP CODE	PHONE NUMBER	EMAIL ADDRESS
1	Amber Conger	Helena, MT	Helena	59601	444-5764	aconger@mt.gov
2	Chris Laslovich	Helena MT	Helena	59601	444-5364	Chris.Laslovich@mt.gov
3	Jess Rhoades	1300 E 6th Ave Helena MT 59602	Helena	<del>59620</del>	406-444-5503	jrRhoades@mt.gov
4	Christina L. Goe	446 W. Lawrence	Helena	59601	406-438-9558	Christina.L.Goe@gmail.com
5	John Lewis	Helena MT	Helena	59601	406-672-8900	JohnLewis@mt.gov
6	Director of American Indian Health, MT OPHHS Karen Cantrell	Helena, MT	Helena	59601	406-444-2943	Karen.Cantrell@mt.gov
7	(on phone) Tim Dair	P.O. Box 850 Browning, MT 59417 Blackfoot Tribe (head)	Browning	59417	406-358-5513	
8						
9						