

Section 1332 of the Patient Protection and Affordable Care Act (PPACA)

State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: Montana

A. GRANTEE INFORMATION		
1. Reporting Period End Date 12/31/2021	2. Report Due Date 3/31/2022	3. Report Submitted On (Date) 3/31/2022
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency SIWIW200014	6a. DUNS Number 082406534	6b. EIN 81-0302402
7. Recipient Organization Name Montana State Auditor, Commissioner of Securities and Insurance		
Address Line 1 840 Helena Ave		
Address Line 2		
Address Line 3		
City Helena	State MT	Zip Code 59601
Zip Extension	8. Grant Period Start Date Jan 1, 2020	9. Grant Period End Date Dec 31, 2024
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		
See Montana Reinsurance Program Unaudited Financial Report as of 12/31/2021 (attached)		

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B. REPORT CERTIFICATION

11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

11a. Typed or printed name and title of Authorized Certifying Official

Mary Belcher, Deputy Auditor

11b. Signature of Authorized Certifying Official

11c. Telephone (area code, number, and extension)

(406) 444-5789

11d. E-mail address

mary.belcher@mt.gov

11e. Date report submitted (month/day/year)

03/31/2022

C. PROGRESS OF SECTION 1332 WAIVER - General

12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.

Board/Regulatory Governance. In 2021, in collaboration with the CSI, the Montana Reinsurance Board met ten (10) times, updated the program's plan of operation on May 7 and July 8, 2021 (approved by the CSI on July 19, 2021) and hosted a reinsurance public forum on May 19, 2021. No comments were received at the public forum.

Claims-Based Model. The Montana Reinsurance Program uses a claims-based model to reimburse eligible health insurers for a percentage of an enrollee's claims costs exceeding a specific threshold (attachment point) and up to a specified ceiling (reinsurance cap). For 2021, the Reinsurance Board established a coinsurance rate of 60%, with an attachment point of \$40,000 up to a reinsurance cap of \$101,750.

Pass-Through Funding/Assessments. For 2021, the Montana Reinsurance Program received federal pass-through funding of \$23,688,514 and additional (American Rescue Plan) federal pass-through funding of \$7,129,995. Per Mont. Code Ann. § 33-22-1313, the CSI is authorized to assess each member insurer 1.2% of its total premium volume covering Montana residents from the prior calendar year. The program collected \$9,869,146 in insurer assessments for 2021.

Claims Submission & Reimbursement. The Montana Reinsurance Program is in its second year of operation, with 2021 being the first year in which eligible claims incurred in 2020 were submitted by carriers for reimbursement. The total amount reimbursed to carriers on 12/8/2021 was \$25,066,759 (of which \$17,292,048 were paid from the federal grant and \$7,774,711 from State assessment dollars).

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Operational Expenses. The Montana Reinsurance Program has incurred operational and claims reimbursement expenses in 2021. All operational expenses have been paid from draws on the federal grant. Please see the attached operational report dated 12/31/2021 for more details.

Retention of Actuarial Firm. The Reinsurance Association Board issued an RFP to select an actuarial firm to provide actuarial services to the Reinsurance Program. After a competitive RFP process (with three firms submitting proposals), the Board selected Wakely Consulting Group.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

Montana has been able to maintain affordable essential health benefits for the individual health insurance marketplace for consumers in every county in our state, with three health insurers offering health plans on and off the individual health insurance marketplace. The reinsurance program continues to be refined operationally, but has not encountered any implementation and operational challenges.

Due to the Montana Reinsurance Program and the 1332 State Innovation Waiver, Montana has seen average individual market premium rate changes in 2021 as follows:

Carrier	With Reinsurance	Without Reinsurance
BCBSMT	0.0%	10.5%
COOP	0.7%	11.1%
PacificSource	5.0%	14.6%

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D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	42,561	Average members in 2021
Actual individual market enrollment off the Exchange in the state	9,831	Average members in 2021
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$569.19	
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$558.27	
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	1 - \$329.98 2 - \$381.53 3 (Except Flathead) - \$369.21 3 Flathead - \$377.78 4 - \$369.90	
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	1 - \$364.15 2 - \$421.04 3 (Except Flathead) - \$407.44 3 Flathead - \$416.90 4 - \$408.21	
d. For states with State-based Exchanges , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	N/A	N/A

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	Value	Comments (if applicable)												
e. For states with State-based Exchanges , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	N/A	N/A												
<p>15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.</p> <p>Montana's reinsurance waiver does not impact the benefits covered or Montana's Essential Health Benefits (EHB) benchmark .</p>														
<p>16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.</p> <p>Payment Parameters 2022. The Reinsurance Board of Directors updated the program payment parameters for 2022 at its Board meeting on May 7, 2021; see 2022 payment parameters below in contrast to 2021 payment parameters:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">2021</th> <th style="text-align: center;">2022</th> </tr> </thead> <tbody> <tr> <td>- Attachment Point</td> <td style="text-align: center;">\$40,000</td> <td style="text-align: center;">\$40,000</td> </tr> <tr> <td>- Coinsurance</td> <td style="text-align: center;">60%</td> <td style="text-align: center;">60%</td> </tr> <tr> <td>- Reinsurance Cap</td> <td style="text-align: center;">\$101,750</td> <td style="text-align: center;">\$106,100</td> </tr> </tbody> </table>				2021	2022	- Attachment Point	\$40,000	\$40,000	- Coinsurance	60%	60%	- Reinsurance Cap	\$101,750	\$106,100
	2021	2022												
- Attachment Point	\$40,000	\$40,000												
- Coinsurance	60%	60%												
- Reinsurance Cap	\$101,750	\$106,100												
<p>17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.</p> <p>There are no changes contemplated in state law that will impact the waiver.</p>														
18. Report on spending:														
	Value	Comments (if applicable)												
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$17,292,048													

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b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$297,090	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$35,612,388	This is the balance of all unspent Federal pass-through funding as of 12/31/2021; \$4,793,879 for year 2020 and \$30,818,509 for year 2021.
d. Amount of state funding contribution to fully fund the program for the reporting year	\$7,774,711	
19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market. N/A		
20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance. The Plan of Operations 14.1(d) states that all carriers must "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". Two levels of audit are performed on the claims that are submitted for reimbursement. One by CSI under the direction of the State of Montana and the other by the independent auditors who audit the program.		
21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.		
	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	N/A	
b. Risk adjustment amount paid by HHS for those claims	N/A	

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c. Reinsurance reconciliation (or true-up) amount applied	N/A	
E. POST-AWARD FORUM		
22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance? <input checked="" type="radio"/> Yes <input type="radio"/> No		
23. State website address where Post-Award Forum was advertised reinsurance.mt.gov - posted on April 16, 2021		
24. Date Post-Award Forum took place The post award forum was held on May 19, 2021, pursuant to public notice on April 16, 2021.		
25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments. Meeting was called to order by Richard Miltenberger, Chairman of the MRA Board of Directors at 10:05 am. No public comments were received.		
26. Other Attachments (attach other documents as needed pertaining to Post-Award Form) None		
F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION		
27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b). <input checked="" type="radio"/> Yes <input type="radio"/> No		
28. Describe the state's implementation review process. In 2021, the Montana Reinsurance Association produced a number of reports to catalog how the reinsurance program operates throughout the calendar year: (a) three quarterly reports, as required by the federal grant specific terms and conditions, all submitted to CMS per their required due dates. (b) a Pass-Through Funding report as required by the federal grant specific terms and conditions and submitted on September 15, 2021 to CMS (for 2022).		

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(c) an annual Solvency and Compliance Annual Review Report, drafted by an independent CPA, and submitted to the CSI and the Economic Affairs Interim Committee (EAIC) of the Legislature on June 30, 2021, per Mont. Code Ann. §33-22-1308(4).

(d) an annual Operations and Finance Report (2020) submitted to the CSI and EAIC on June 30, 2021, per Mont. Code Ann. §33-22-1308(5).

(e) an annual Examination of the Montana Reinsurance Association completed by the CSI as of December 31, 2021, per Mont. Code Ann. §33-22-1307(b).