

# Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers – Reinsurance Waiver Quarterly Report

**Reporting Instructions:** Use the following template to capture data for quarterly 1332 waiver grant reporting, as specified in 45 CFR 155.1324(a), and referenced in your grant specific terms and conditions (STC). Quarterly reports are due 60 days following the end of each calendar quarter.

STATE:

A. GRANTEE INFORMATION			
<b>1. Reporting Period End Date</b> 06/30/2023		<b>2. Report Due Date</b> 08/29/2023	
<b>3. 1st Quarterly Report</b> <input type="radio"/>	<b>2nd Quarterly Report</b> <input checked="" type="radio"/>	<b>3rd Quarterly Report</b> <input type="radio"/>	<b>4. Federal Agency and Organization Element to Which Report is Submitted</b> Consumer Information & Insurance Oversight (CCIIO)
<b>5. Federal Grant Number Assigned by Federal Agency</b> SIWIW200014	<b>6a. DUNS Number</b> 082406534		<b>6b. EIN</b> 81-0302402
<b>7. Recipient Organization Name</b> Montana State Auditor, Commissioner of Securities and Insurance			
<b>Address Line 1</b> 840 Helena Avenue			
<b>Address Line 2</b>			
<b>Address Line 3</b>			
<b>City</b> Helena	<b>State</b> MT		<b>Zip Code</b> 59601
<b>Zip Extension</b>		<b>8. Grant Period Start Date</b> January 1, 2020	
<b>9. Grant Period End Date</b> December 31, 2024			
<b>10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)</b> Montana Reinsurance Program Quarterly Operational Report as of 6/30/2023			

INFORMATION NOT RELEASABLE TO THE PUBLIC UNLESS AUTHORIZED BY LAW: This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.

**Section 1332 of the Patient Protection and Affordable Care Act (PPACA)  
State Innovation Waivers – Reinsurance Waiver Quarterly Report**

<b>B. REPORT CERTIFICATION</b>	
<b>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.</b>	
<b>11a. Typed or printed name and title of Authorized Certifying Official</b>  Andrew J. Cziok, Legal Counsel	<b>11b. Signature of Authorized Certifying Official</b>  <div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">Andrew J. Cziok</div> <div style="font-size: 2em; color: #e91e63; margin-right: 10px;">}</div> <div> <p>Digitally signed by Andrew J. Cziok Date: 2023.08.28 15:53:44 -06'00'</p> </div> </div>
<b>11c. Telephone (area code, number, and extension)</b>  406-444-3467	<b>11d. E-mail address</b> ACziok@mt.gov
<b>11e. Date report submitted (month/day/year)</b>  08/29/2023	
<b>C. PROGRESS OF SECTION 1332 WAIVER - General</b>	
<p><b>12. Provide an update on progress made in implementing and/or operating the approved 1332 waiver.</b></p> <p><b>(1) Operational Expenses - All 2023 operational expenses have been paid from draws on the federal grant. 2022 runout claims in the amount of \$235,453 were paid from a combination of state funds and federal grant funds.</b></p> <p><b>(2) Updates to the Plan of Operations - The plan of operations was updated to reflect the removal of the second run out period effective October 1, 2023 along with an adjustment to align the cutoff date for runout claims to match that of the Edge Server. These changes bring the Plan of Operations in alignment with the adjustments approved in Montana House Bill 156 (MT HB156), which was signed by the governor on April 19, 2023.</b></p> <p><b>(3) 2024 payment parameters - The board approved the following parameters for 2024: \$40,000 attachment point, 60% coinsurance, and an annual cap of \$90,000.</b></p> <p><b>(4) 2022 Annual Audited Financial Statements - The board approved the 2022 audited financial statements. The MT CSI also reviewed and accepted the MRA audited financial statements.</b></p> <p><b>(5) 1332 Extension - The Board and MT CSI approved approved moving forward with actions needed to file an application to extend the 1332 waiver. We are currently awaiting gubernatorial approval to apply for an extension.</b></p>	

## **Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers – Reinsurance Waiver Quarterly Report**

**(6) In June, the board hired a part-time executive director to assume many administrative functions of the MRA. It is anticipated that administrative expenses will decrease as duties are transitioned from River 9 to the executive director.**

**13. Describe any implementation and/or operational challenges, including plans for and results of associated corrective actions. After the first quarter, only report on changes and/or updates, as appropriate.**

**The Montana Reinsurance Association has not faced implementation or operational challenges.**





**MRA**

Montana Reinsurance Association

# Quarterly Operational Report

April 1, 2023 - June 30, 2023



**Montana Reinsurance Association**  
**Balance Sheet**  
**For the Quarter Ending 6/30/2023**

	2023	2022
<b>Assets</b>		
Cash/Investments (Note 1)	\$892	\$892
Assessment Receivable	0	0
Accrued Investment Interest Receivable	0	0
Claims Receivable	0	0
1332 Waiver Receivable	0	0
Prepaid Expenses	0	0
<i>Total Assets</i>	\$892	\$892
<b>Liabilities</b>		
Accounts Payable (Note 2)	\$15,560	\$30,765
Claims Payable	0	0
IBNR Liability	44,265,779	39,115,504
Deferred Assessment Liability	0	0
Line of Credit	0	0
<i>Total Liabilities</i>	\$44,281,339	\$39,146,269
<b>Fund Balance</b>	\$-44,280,447	\$-39,145,377

**Statement of Revenues and Expenditures**  
**For the Quarter Ending 6/30/2023**

	Current Quarter	YTD 2023	YTD 2022
<b>Revenues</b>			
Insurer Contributions	\$0	\$0	\$0
Regular Assessment	58,863	58,863	44,279
1332 Waiver Revenue (Note 4)	283,617	314,969	220,642
Gain on Investments	-	-	-
Penalty Income	-	-	-
Interest Income	-	-	-
Misc Income	-	-	-
<i>Total Income</i>	\$342,480	\$373,833	\$264,920

<b>Expenditures</b>			
Claims Incurred	\$0	\$0	\$0
Change in IBNR	-	-	-
Administration Fees	45,000	90,000	90,000
Interest Expense	-	-	-
Professional Fees (Note 3)	48,270	63,850	62,850
Insurance Expense	-	-	-
Bank Charges	45	90	90
Other Expenses	-	-	-
<i>Total Expenses</i>	\$93,315	\$153,940	\$152,940

<b>Revenues in Excess of Expenditures/ (Expenditures in Excess of Revenues)</b>	\$249,165	\$219,893	\$111,980
Fund Balance - Beginning		\$-44,500,370	\$-39,257,357
<b>Fund Balance - Ending</b>		\$-44,280,477	\$-39,145,377

**Montana Reinsurance Association**  
**Notes to Financial Statements**  
**For the Quarter Ending 6/30/2023**

**Notes to Financial Statement**

Note 1: Schedule of Cash/Investments

Cash Bank Account	\$	892
Brokerage Acct Money Market	\$	-
Brokerage Acct Fixed Income		-
	<u>\$</u>	<u>892</u>

Note 2: Schedule of Accounts Payable

Administrative fees	\$	-
Advances		
Professional Fees		15,560
Insurance Expense		-
Interest		-
Other Expenses		-
		<u>-</u>
Total Accounts Payable	<u>\$</u>	<u>15,560</u>

Note 3: Professional Fees Expense

	Current Quarter	Year to Date
Actuarial	\$ 13,800	\$ 27,600
Legal	5,530	7,310
Auditing/Accounting	28,940	28,940
Investment	-	-
Total Professional Fees	<u>\$ 48,270</u>	<u>\$ 63,850</u>

**Montana Reinsurance Association**  
**Notes to Financial Statements**  
**For the Quarter Ending 6/30/2023**

**Notes to Financial Statement**

Note 4: Grant Funds	1332 Waiver Receivable/Draws		
	Date requested	Draws	Remaining Balance
	<b>2022 Grant</b>	\$ 29,734,004.00	\$ 65,167,255
	5/12/2022	\$ (43,497.50)	\$ 65,123,758
	6/2/2022	\$ (30,840.00)	\$ 65,092,918
	6/15/2022	\$ (16,197.50)	\$ 65,076,720
	7/7/2022	\$ (30,780.00)	\$ 65,045,940
	8/23/2022	\$ (15,922.50)	\$ 65,030,018
	9/15/2022	\$ (15,317.50)	\$ 65,014,700
	10/14/2022	\$ (29,090.00)	\$ 64,985,610
	12/8/2022	\$ (29,430,154.54)	\$ 35,555,456
	3/9/2023	\$ (45,317.50)	\$ 35,510,138
	4/20/2023	\$ (44,287.50)	\$ 35,465,851
	<b>2023 Grant</b>	\$ 28,428,130.00	\$ 63,893,981
	6/8/2023	\$ (239,329.49)	\$ 63,654,651
	7/5/2023	\$ (30,575.00)	\$ 63,624,076

Note 5: IBNR

Reduction in IBNR for Claims

	Claims Expense	Remaining IBNR
		\$ 32,890,000
8/15/2021 2020 Claims	\$ (25,066,759)	\$ 7,823,241
12/31/2021 2020 Run out	\$ (142,760)	\$ 7,680,481
12/31/2021 Reverse excess accrual	\$ (7,680,481)	\$ -
12/31/2021 IBNR for 2021	\$ 39,115,504	\$ 39,115,504
12/28/2022 2021 Claims Paid	\$ (39,134,013)	\$ (18,509)
12/31/2022 2021 Claims Accrued	\$ (235,453)	\$ (253,961)
12/31/2022 adjust IBNR for actuals	\$ 253,961	\$ (0)
12/31/2022 IBNR for 2022	\$ 44,265,779	\$ 44,265,779



**MRA**  
**Supplemental Information**  
**Claims by Claims Range-2020**  
**6/30/2023**

Range of Claims	Number of members	Total Claims requested prior to reduction for MLR
\$0-\$10,000	517	\$2,291,902
\$10,001-\$20,000	346	\$5,075,355
\$20,001-max	802	\$26,556,622
	<b>1,665</b>	<b>\$33,923,879</b>

Range of Claims	Number of members	Total Claims paid reduced by MLR
\$0-\$10,000	708	\$3,084,553
\$10,001-\$20,000	536	\$8,179,184
\$20,001-max	421	\$13,945,783
	<b>1,665</b>	<b>\$25,209,519.37</b>

Total Claims reduced due to MLR **\$8,714,360**

Total Members submitted that attained the reinsurance cap prior to MLR reductions **480**  
**29%**

**MRA**  
**Supplemental Information**  
**Claims by Claims Range-2021**  
**6/30/2023**

Range of Claims	Number of members	Total Claims Paid*
\$0-\$10,000	604	\$2,802,014
\$10,001-\$20,000	383	\$5,549,254
\$20,001-max	919	\$31,018,198
	<b>1,906</b>	<b>\$39,369,466</b>

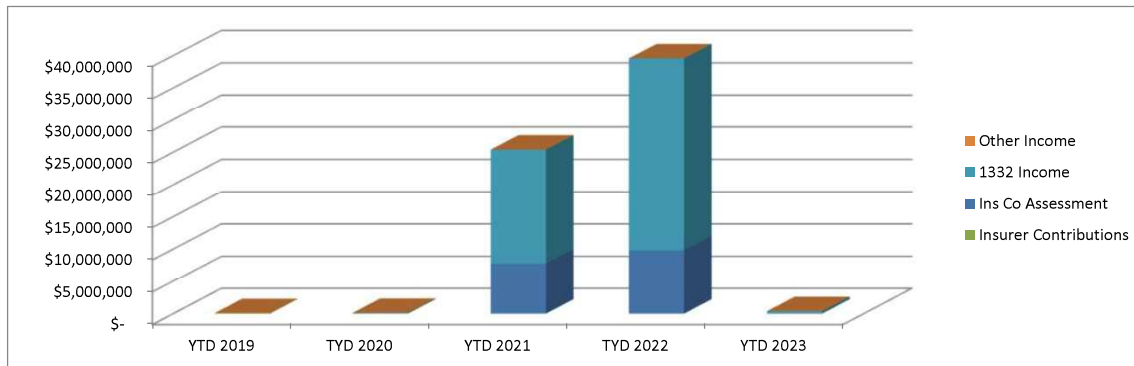
\*No MLR adjustments

Total Members submitted that attained the reinsurance cap **591**  
**31%**

This does reflect claims payable that have been processed but not approved by the Board prior to the meeting

**Montana Reinsurance Association**  
**Supplemental Funding Information**  
**For the Quarter Ending 6/30/2023**

	<b>Ins Co</b>	<b>Insurer</b>			
	<b>Assessment</b>	<b>Contributions</b>	<b>1332 Income</b>	<b>Other Income</b>	<b>Total funding</b>
YTD 2019	\$ -	\$ 75,000	\$ -	\$ -	\$ 75,000
TYD 2020	\$ -	\$ -	\$ 119,275	\$ -	\$ 119,275
YTD 2021	\$ 7,774,711	\$ -	\$ 17,626,864	\$ -	\$ 25,401,575
TYD 2022	\$ 9,827,782	\$ -	\$ 29,755,871	\$ -	\$ 39,583,653
YTD 2023	\$ 58,863	\$ -	\$ 314,969	\$ -	\$ 373,833



**Montana Reinsurance Association**  
**Statistical Information - Projected Funding and Expenses**  
**For the Quarter Ending 6/30/2023**  
 updated 04/27/2023

	Wakely 2020	Wakely 2021	Wakely 2022	Wakely 2023
Projected Funding Available to the Association				
Assessment	\$ 10,032,000	\$ 9,977,000	\$ 9,883,000	\$ 11,173,000
1332 Grant Award	\$ 22,490,988	\$ 30,818,509	\$ 29,734,004	\$ 28,428,130
	<u>\$ 32,522,988</u>	<u>\$ 40,795,509</u>	<u>\$ 39,617,004</u>	<u>\$ 39,601,130</u>
Expenses				
Projected Claims Reimbursement(IBNR)	\$ 25,209,519	\$ 39,115,504	\$ 44,265,779	\$ 37,360,930
Reinsurance Payment Adjustment	\$ -	\$ -	\$ -	\$ -
Administrative/Professional costs	\$ 167,472	\$ 297,091	\$ 350,000	\$ 350,000
	<u>\$ 25,376,991</u>	<u>\$ 39,412,595</u>	<u>\$ 44,615,779</u>	<u>\$ 37,710,930</u>
Net Change	<u>\$ 7,145,997</u>	<u>\$ 1,382,914</u>	<u>\$ (4,998,775)</u>	<u>\$ 1,890,200</u>
Cumulative Balance	<u>\$ 7,145,997</u>	<u>\$ 8,528,911</u>	<u>\$ 3,530,136</u>	<u>\$ 5,420,336</u>