



State of Montana

Individual Market Data Elements for 2025 Pass-Through Calculations

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Introduction

The Montana Reinsurance Association Board (“Board”) retained Wakely Consulting Group, LLC (“Wakely”) to analyze the effects of a state-based reinsurance program on the 2025 individual Affordable Care Act (ACA) market. In particular, the Board requested that Wakely estimate the effect of the 1332 reinsurance waiver on the second lowest cost-silver plan (“SLCSP”) by geographic area and on total premiums in the ACA individual market. These data elements will be used by the Departments of Health and Human Services (“HHS”) and Treasury (“the Treasury”) to calculate the pass-through amounts for the 2025 waiver year for Montana. Wakely determined the SLCSP premiums by county based on rate filing information provided by the Board and the initial determination provided by CMS; Wakely also estimated the impact of reinsurance.

This document has been prepared for the sole use of Montana, although we understand that it may be distributed to HHS and the Treasury. 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.

Total Premiums in ACA Market with and without the Waiver

The table below shows the modeling to estimate total enrollment and total premiums aligned with the methods previously described in Montana’s 1332 waiver application, with adjustments for updated data. The adjustments were made to account for enrollment changes that occurred subsequent to the approved application, including actual 2024 enrollment, actual premium rate increases filed by the issuers for 2025, and for the expected impact of Medicaid expansion sunset in Montana. Currently, Montana’s Medicaid expansion is scheduled to sunset June 2025, unless the Montana legislature takes action to extend the expansion. The impact of this sunset is expected to increase enrollment, specifically subsidized enrollment, in both the with and without waiver scenarios. Table 1 summarizes total premiums with and without the 1332 waiver.

Table 1: 2025 Estimated Average Enrollment and Total Premiums

	2025
Baseline (with Waiver)	
Average Non-Group Enrollment	83,979
Average Non-Group Premium PMPM	\$658.46
Total Non-Group Premiums	\$663,562,777
Without Waiver	
Average Non-Group Enrollment	83,454
Average Non-Group Premium PMPM	\$727.90
Total Non-Group Premiums	\$728,958,198

To develop the total premiums with and without reinsurance, Wakely completed the following steps:

1. The emerging 2024 data was adjusted to calendar year 2024 using the following steps:
 - a. Enrollment from January to June 2024, as of September 2024, was used as a starting point for 2024 members. Two adjustments were made to the initial data. The first is that the data was adjusted for further expected changes as the data becomes complete. This adjustment was made by comparing January through June 2023 enrollment provided as of September 2023 and September 2024. The second adjustment was made for attrition since enrollment drops off throughout the year. The data for the first half of 2024 was adjusted by attrition, as measured by the first half of 2022 compared to the average 2022 enrollment.
 - b. Premium per member per month (PMPM) estimates were developed by using emerging 2024 premiums and adjusted using the same two adjustments applied to the emerging 2024 enrollment.
2. Once average calendar year 2024 data was estimated, the data was further adjusted to estimate the 2025 total premiums with the 1332 waiver:
 - a. The 2025 enrollment is estimated to increase because of Medicaid expansion sunseting in June 2025. Wakely started with average 2024 enrollment and net attrition patterns from prior years were then applied to calculate average enrollment prior to Medicaid expansion sunseting in June 2025. Additional members expected to roll off Medicaid were then added to this result assuming they would join steadily between July and December 2025. Overall, we estimate around an additional 12,500 members as compared to Medicaid expansion continuing on average in 2025. These members are all expected to be eligible for APTCs. The resulting enrollment was checked for reasonability.
 - b. New enrollees from Medicaid expansion sunseting were all assumed to have premiums (gross and net of APTC) similar to the Silver 94% variant as seen in the 2024 data provided in early 2024.
 - c. Premiums per member per month were increased by the 2025 rate filing amount of 8.6%. The 2025 increase was calculated taking a weighted average of the premium change by issuer and their 2024 premium by issuer.
 - d. To estimate the total premiums, with the 1332 waiver, the average enrollment was multiplied by average premiums and by 12 to account for the full year.

3. To estimate total ACA individual market premiums without a waiver:
 - a. The 2025 premiums with the waiver included in the 2025 rate filings were increased by the impact of reinsurance. Wakely estimated the premium increases without reinsurance using the following steps:
 - i. Wakely reviewed the carrier filed with and without waiver premium rates and found that they were reasonable as compared to expectations when setting the 2025 parameters. Wakely took the with and without waiver premium rates as is from CMS's reporting.
 - ii. Weighting the increases by January to June 2024 premiums, yielded an average premium increase of 20.1% without reinsurance.
 - b. The 2025 enrollment was estimated to decrease as a result of the premium increases among the unsubsidized enrollees if there is no reinsurance/waiver. Enrollment decreases were estimated using the CEA take-up function.¹
 - c. To estimate the total premiums, without the reinsurance waiver, the average enrollment was multiplied by average premiums and by 12 to account for the full year.

Second Lowest Cost Silver Plan Premium

Table 2 captures the second lowest cost silver plan (SLCSP) premium for a 21-year-old non-tobacco user in 2025, with and without the waiver. The table provides a summary of the essential health benefit (EHB) portion of premiums by rating area. Both SLCSP issuers reported no significant non-EHB premiums in 2025. The SLCSP premium by appropriate geographic groupings for rating areas that have service categories that are smaller than the CMS defined areas and have varying SLCSP premiums are also required to be submitted. For 2025, CMS prepared these groupings; Wakely reviewed for reasonability and agrees with the groupings. Data on the percent of non-EHB premium was submitted by issuers and provided to Wakely by the state.

For Montana, there is one rating area in 2025 where the SLCSP varies for one or more counties within the rating area. The table below shows the SLCSP premium by rating area and county, where appropriate, as identified in the 2025 rate filings. Please see Appendix A for a complete listing of SLCSP premiums with and without the waiver by county.

¹https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf

**Table 2: 2025 Second Lowest Cost Silver Plan Premium PMPMs
By Rating Area (21-Year Old, Non-Tobacco)**

Rating Area	County	2025 SLCSP Premium with Waiver	2025 Estimated SLCSP Premium No Waiver	No Waiver / Waiver	Non EHB Percent of Premium
1	All	\$345.71	\$382.23	10.6%	0.00%
2	All Except Cascade, Gallatin, Lewis and Clark	\$505.44	\$557.55	10.3%	0.00%
2	Cascade, Gallatin, Lewis and Clark	\$440.99	\$487.58	10.6%	0.00%
3	All	\$419.07	\$463.34	10.6%	0.00%
4	All	\$472.29	\$520.98	10.3%	0.00%

Reinsurance Reimbursement

Wakely set the reinsurance parameters assuming \$44.4 million in reinsurance reimbursements in 2025. This amount was set to align with Montana’s estimates on state funds available and estimated Federal pass-through amounts. The parameter setting analysis assumed Medicaid expansion would continue past June 2025, which was consistent with carriers’ filing approaches in Spring 2024. However, it appears that Medicaid expansion sunset is more likely due to the political landscape and is the current law. Thus, the pass-through analysis assumes the Medicaid expansion will sunset, which is why funding included in the pass-through report has increased to \$67.4M.

Reliances and Caveats

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

- 2023 and January to July 2024 enrollment and premium data provided by the State and issuers in September 2024
- 2025 issuer rate filing information, including but not limited to the Unified Rate Review Template (URRT), provided by Montana’s Commissioner of Securities and Insurance (CSI)
- Issuer submitted paid claim continuance tables for 2023, provided in the spring of 2024

- CEA Take-Up Function²
- State/CMS provided rates by issuer with and without the reinsurance waiver and geographic groupings.

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

- **Data Limitations.** The entire year of 2024 was not yet available. As a result, there is uncertainty on attrition patterns or other changes to the 2024 year. Changes to base estimates could influence estimates. Wakely made some assumptions on the weighting, but different data may influence the results.
- **Political Uncertainty.** There is significant policy uncertainty. Future Federal legislative or regulative changes could affect the estimates enclosed in this report.
- **Enrollment Uncertainty.** Beyond changes to potential rates and policy, individual enrollee responses to these changes also have uncertainty. There is considerable uncertainty as to enrollment patterns due to the sunseting of Medicaid expansion and whether the sunseting will occur, and enhanced subsidies via the Inflation Reduction Act. The considerable enrollment uncertainty and morbidity of the risk pool results in some level of uncertainty for final reinsurance reimbursements.
- **Premium Uncertainty.** Given the potential change in enrollment, metal level enrollment decisions or other enrollment decisions could influence the average premium in the market.
- **Economic Uncertainty.** There remains considerable uncertainty as to the economic conditions in 2025, which could impact the number of uninsured as well as ESI coverage, which could impact enrollment levels.

²https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf

Disclosures and Limitations

Responsible Actuaries. Lydia Tolman is the actuary responsible for this communication. She is a Member of the American Academy of Actuaries and Fellow of the Society of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to issue this report. Julie Peper, Michael Cohen, and Ksenia Whittal also contributed to the analysis and memo.

Intended Users. This information has been prepared for the sole use of the state of Montana. Distribution to 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.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. 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 or the issuers 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. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuary is financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to the state of Montana and the Board.

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 'Reliances and Caveats' sections identifies the key data and reliances.

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, any changes in issuer actions as well as complete 2024 enrollment and experience could impact the results. Finally, the Medicaid expansion sunset or continuation could materially impact the results of this analysis. There are no other known relevant events subsequent to the date of information received that would impact the results of this report.

Contents of Actuarial Report. This document constitutes the entirety of actuarial report and supersede any previous communications on the project. However, more information regarding the analysis preceding this report can be found in the formal 1332 waiver report produced by Wakely on behalf of Montana.

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

ASOP No. 56, Modeling

Appendix A SLCSP by County

Rating Area	County	2025 SLCSP Premium with Waiver	2025 SLCSP Premium without Waiver	Non-EHB Percent of Premium
1	Carbon	\$345.71	\$382.23	0.00%
1	Musselshell	\$345.71	\$382.23	0.00%
1	Stillwater	\$345.71	\$382.23	0.00%
1	Sweet Grass	\$345.71	\$382.23	0.00%
1	Yellowstone	\$345.71	\$382.23	0.00%
2	Broadwater	\$505.44	\$557.55	0.00%
2	Cascade	\$440.99	\$487.58	0.00%
2	Chouteau	\$505.44	\$557.55	0.00%
2	Deer Lodge	\$505.44	\$557.55	0.00%
2	Gallatin	\$440.99	\$487.58	0.00%
2	Jefferson	\$505.44	\$557.55	0.00%
2	Judith Basin	\$505.44	\$557.55	0.00%
2	Lewis and Clark	\$440.99	\$487.58	0.00%
2	Silver Bow	\$505.44	\$557.55	0.00%
2	Teton	\$505.44	\$557.55	0.00%
3	Flathead	\$419.07	\$463.34	0.00%
3	Lake	\$419.07	\$463.34	0.00%
3	Missoula	\$419.07	\$463.34	0.00%
4	Beaverhead	\$472.29	\$520.98	0.00%
4	Big Horn	\$472.29	\$520.98	0.00%
4	Blaine	\$472.29	\$520.98	0.00%
4	Carter	\$472.29	\$520.98	0.00%
4	Custer	\$472.29	\$520.98	0.00%
4	Daniels	\$472.29	\$520.98	0.00%
4	Dawson	\$472.29	\$520.98	0.00%
4	Fallon	\$472.29	\$520.98	0.00%
4	Fergus	\$472.29	\$520.98	0.00%
4	Garfield	\$472.29	\$520.98	0.00%
4	Glacier	\$472.29	\$520.98	0.00%
4	Golden Valley	\$472.29	\$520.98	0.00%
4	Granite	\$472.29	\$520.98	0.00%
4	Hill	\$472.29	\$520.98	0.00%

Rating Area	County	2025 SLCSP Premium with Waiver	2025 SLCSP Premium without Waiver	Non-EHB Percent of Premium
4	Liberty	\$472.29	\$520.98	0.00%
4	Lincoln	\$472.29	\$520.98	0.00%
4	Madison	\$472.29	\$520.98	0.00%
4	McCone	\$472.29	\$520.98	0.00%
4	Meagher	\$472.29	\$520.98	0.00%
4	Mineral	\$472.29	\$520.98	0.00%
4	Park	\$472.29	\$520.98	0.00%
4	Petroleum	\$472.29	\$520.98	0.00%
4	Phillips	\$472.29	\$520.98	0.00%
4	Pondera	\$472.29	\$520.98	0.00%
4	Powder River	\$472.29	\$520.98	0.00%
4	Powell	\$472.29	\$520.98	0.00%
4	Prairie	\$472.29	\$520.98	0.00%
4	Ravalli	\$472.29	\$520.98	0.00%
4	Richland	\$472.29	\$520.98	0.00%
4	Roosevelt	\$472.29	\$520.98	0.00%
4	Rosebud	\$472.29	\$520.98	0.00%
4	Sanders	\$472.29	\$520.98	0.00%
4	Sheridan	\$472.29	\$520.98	0.00%
4	Toole	\$472.29	\$520.98	0.00%
4	Treasure	\$472.29	\$520.98	0.00%
4	Valley	\$472.29	\$520.98	0.00%
4	Wheatland	\$472.29	\$520.98	0.00%
4	Wibaux	\$472.29	\$520.98	0.00%