

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			
1. Reporting Period End Date September 30, 2024		2. Report Due Date Nov 30, 2024	
3. 1st Quarterly Report <input type="radio"/>	2nd Quarterly Report <input type="radio"/>	3rd Quarterly Report <input checked="" type="radio"/>	4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight (CCIIO)
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 Avenue			
Address Line 2			
Address Line 3			
City Helena	State MT		Zip Code 59601
Zip Extension		8. Grant Period Start Date January 1, 2020	
9. Grant Period End Date December 31, 2029			
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency) Montana Reinsurance Program Quarterly Operational Report as of 9/30/2024			

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

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 Kate McGrath Ellis, Legal Counsel	11b. Signature of Authorized Certifying Official Digitally signed by Kate McGrath Ellis Date: 2024.11.26 11:42:25 -07'00'
11c. Telephone (area code, number, and extension) (406) 444-5223	11d. E-mail address CYA056@mt.gov
11e. Date report submitted (month/day/year) 11/27/2024	
C. PROGRESS OF SECTION 1332 WAIVER - General	
12. Provide an update on progress made in implementing and/or operating the approved 1332 waiver. 1) Operational Expenses - All 2024 operational expenses have been paid from draws on the federal grant. Please refer to attached Quarterly Operations Report for details. Claims reimbursement for the 2023 benefit year is in process and will be paid next quarter using a combination of state funds and federal grant funds. 2) Plan of Operation - The Board approved 3 updates to the Plan of Operations: (a) The date of the post-award public forum was updated to be held within 60 days of receipt of the final award notice each year. (b) In accordance with the change approved at the May 7, 2024 board meeting, MRA will use the High Cost Risk Pool Enrollee Report (HCRPDE) for calculation of the reinsurance reimbursement starting with the 2024 benefit year. (c) The 2025 benefit year reinsurance parameters were added to Schedule A. Those parameters are: \$40,000 attachment point, 60% coinsurance, and \$91,000 reinsurance cap. The updated Plan of Operations will be submitted to MT CSI requesting approval by the State Auditor/Commissioner. 3) Pass-through Funding - CMS/CCIIO established October 15, 2024 as the final deadline for PY 2025 pass-through reporting. The Pass-Through Funding report was filed on October 15, 2024.	

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4) MRA Transition from River 9 to Employees - In August 2024, the Board hired a part-time IT specialist to maintain the MRA website, develop analytical tools to review annual reinsurance claims submission, establish and maintain IT security, and perform other IT-related functions as needed. Transition efforts to phase out the contracted administrator, River 9, are in process and expected to be substantially complete by the end of the year. River 9 will support the CPA audit of the 2024 MRA financial statements in the first trimester of 2025.

5) Waiver Extension - The Department of Health and Human Services and The Department of Treasury approved Montana's 1332 Waiver Extension Application on September 17th, 2024. As a result, the Montana Reinsurance Program is expected to continue operations through December 31, 2029.

6) Board of Directors - Beau Larson from Allegiance Benefit Plan joined the October 7, 2024 board meeting as a possible replacement for CSI appointee Rich Daniels who resigned his board position in April 2024 as a result of his retirement from Allegiance. MT CSI expects to appoint a representative from Allegiance Benefit Plan to replace Mr. Daniels. Additionally, on November 15, 2024, Andrew (Drew) Cziok was appointed by Blue Cross Blue Shield of Montana (BCBSMT) to replace Lisa Kelley. The appointment by BCBSMT fills one of three director positions designated for eligible health insurers with the largest enrollment in the Montana market.

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.

During review of the 2025 pass-through report, MT CSI and the MRA noted that Montana's Medicaid expansion program, HELP, is set to expire on June 30, 2025. The 2025 pass-through report contains a 2025 increase in enrollment as a result. It is expected that the sunset of HELP will be addressed during the 2025 Montana legislative session; the outcome is unknown. CMS/CCIIO and MT CSI met on November 12, 2024 to discuss the assumptions used by carriers in their 2025 rate filings and the resulting rate impacts.

In addition, full payment of benefit year 2023 reinsurance claims is not expected to occur by December 31, 2024 as required by 33-22-1316(5), MCA. MT CSI and its subgrantee, the MRA, have adequate funds to pay claims in full; however, payment is limited to a bi-annual state appropriations limit. The payment shortfall is expected to be remedied by April 2025 after MT CSI pursues a supplemental budget request during the 2025 Montana legislative session. In addition, to prevent this situation from occurring again, MT CSI is seeking Montana legislative approval to change to a statutory appropriation, which provides flexibility in requesting budget amendments through the Governor's Budget Office. The expected payment shortfall is \$3,870,200 out of a total expected payout of approximately \$38,490,000.



MRA

Montana Reinsurance Association

Quarterly Operational Report

July 1, 2024 - September 30, 2024



Montana Reinsurance Association
Balance Sheet
For the Quarter Ending 9/30/2024

	2024	2023
Assets		
Cash/Investments (Note 1)	\$907	\$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>	\$907	\$892
Liabilities		
Accounts Payable (Note 2)	\$990	\$330
Claims Payable	38,315,404	45,768,396
IBNR Liability	0	-1,502,617
Deferred Assessment Liability	0	0
Line of Credit	0	0
<i>Total Liabilities</i>	\$38,316,394	\$44,266,109
Fund Balance	\$-38,315,487	\$-44,265,217

Statement of Revenues and Expenditures
For the Quarter Ending 9/30/2024

	Current Quarter	YTD 2024	YTD 2023
Revenues			
Insurer Contributions			\$0
Regular Assessment			58,863
1332 Waiver Revenue (Note 4)	87,927	315,932	378,324
Gain on Investments			-
Penalty Income		-	-
Interest Income	-	-	-
Misc Income	-	-	-
<i>Total Income</i>	\$87,927	\$315,932	\$437,188
Expenditures			
Claims Incurred	\$0	\$0	\$0
Change in IBNR	417,963	417,963	-
Administration Fees	45,000	135,000	135,000
Interest Expense			-
Professional Fees (Note 3)	24,555	169,222	66,930
Insurance Expense			-
Bank Charges	45	135	135
Other Expenses	3,565	3,565	-
<i>Total Expenses</i>	\$491,128	\$725,886	\$202,065
Revenues in Excess of Expenditures/ (Expenditures in Excess of Revenues)	\$-403,201	\$-409,954	\$235,123
Fund Balance - Beginning		\$-37,905,534	\$-44,500,340
Fund Balance - Ending		\$-38,315,488	\$-44,265,247

Montana Reinsurance Association
Notes to Financial Statements
For the Quarter Ending 9/30/2024

Notes to Financial Statement

Note 1: Schedule of Cash/Investments

Cash Bank Account	\$	907
Brokerage Acct Money Market	\$	-
Brokerage Acct Fixed Income		-
	\$	907

Note 2: Schedule of Accounts Payable

Administrative fees	\$	-
Advances		-
Professional Fees		990
Insurance Expense		-
Interest		-
Other Expenses		-
	\$	990
Total Accounts Payable	\$	990

Note 3: Professional Fees Expense

	Current Quarter	Year to Date
Actuarial	\$ 15,000	\$ 103,500
Legal	3,658	9,533
Auditing/Accounting	949	37,624
Payroll	4,948	18,566
	\$ 24,555	\$ 169,222
Total Professional Fees	\$ 24,555	\$ 169,222

Montana Reinsurance Association
Notes to Financial Statements
For the Quarter Ending 9/30/2024

Notes to Financial Statement

Note 4: Grant Funds	1332 Waiver Receivable/Draws		
	Date requested	Draws	Remaining Balance
	2022 Grant	\$ 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 2022 expenses	\$ (13,965.00)	\$ 35,541,491
	3/9/2023 2023 expenses	\$ (31,352.50)	\$ 35,510,138
	4/20/2023	\$ (44,287.50)	\$ 35,465,851
	2023 Grant	\$ 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
	9/13/2023	\$ (32,780.00)	\$ 63,591,296
	10/11/2023	\$ (15,345.00)	\$ 63,575,951
	12/6/2023	\$ (33,480,374.32)	\$ 30,095,577
	1/12/2024 2023 expenses	\$ (840.00)	\$ 30,094,737
	1/12/2024 2024 expenses	\$ (15,000.00)	\$ 30,079,737
	2/14/2024	\$ (15,747.50)	\$ 30,063,989
	3/18/2024	\$ (15,977.50)	\$ 30,048,012
	4/22/2024	\$ (38,180.00)	\$ 30,009,832
	5/21/2024	\$ (57,690.00)	\$ 29,952,142
	6/10/2024	\$ (76,192.50)	\$ 29,875,949
	6/26/2024	\$ (9,217.90)	\$ 29,866,731
	7/12/2024	\$ (17,352.50)	\$ 29,849,379
	7/18/2024	\$ (9,806.85)	\$ 29,839,572
	2024 Grant	\$ 35,768,915.00	\$ 65,608,487
	8/19/2024	\$ (37,767.74)	\$ 65,570,719
	9/17/2024	\$ (22,999.59)	\$ 65,547,720

Montana Reinsurance Association
Notes to Financial Statements
For the Quarter Ending 9/30/2024

Notes to Financial Statement

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
8/15/2022 2021 Claims Paid	\$ (39,134,013)	\$ (18,509)
12/31/2022 2021 Runout Claims Paid	\$ (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
8/15/2023 2022 Claims Paid	\$ (45,768,396)	\$ (1,502,618)
12/31/2023 adjust IBNR for actuals	\$ 1,502,618	\$ 0
12/31/2023 IBNR for 2023	\$ 37,897,441	\$ 37,897,441
8/15/2024 2023 Claims Paid	\$ (38,315,404)	\$ (417,962)
9/30/2024 adjust IBNR for actuals	\$ 417,962	\$ (0)

MRA
Supplemental Information
Claims by Claims Range-2021
9/30/2024

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
	1,906	\$39,369,466

*No MLR adjustments

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

MRA
 Supplemental Information
Claims by Claims Range-2022
 9/30/2024

Range of Claims	Number of members	Total Claims Paid*
\$0-\$10,000	650	\$2,863,997
\$10,001-\$20,000	397	\$5,855,886
\$20,001-\$30,000	257	\$6,244,234
\$30,001-max	799	\$30,804,279
	2,103	\$45,768,396

*No MLR adjustments

Total Members submitted that attained the reinsurance cap **618**
29%

MRA
 Supplemental Information
Claims by Claims Range-2023
 9/30/2024

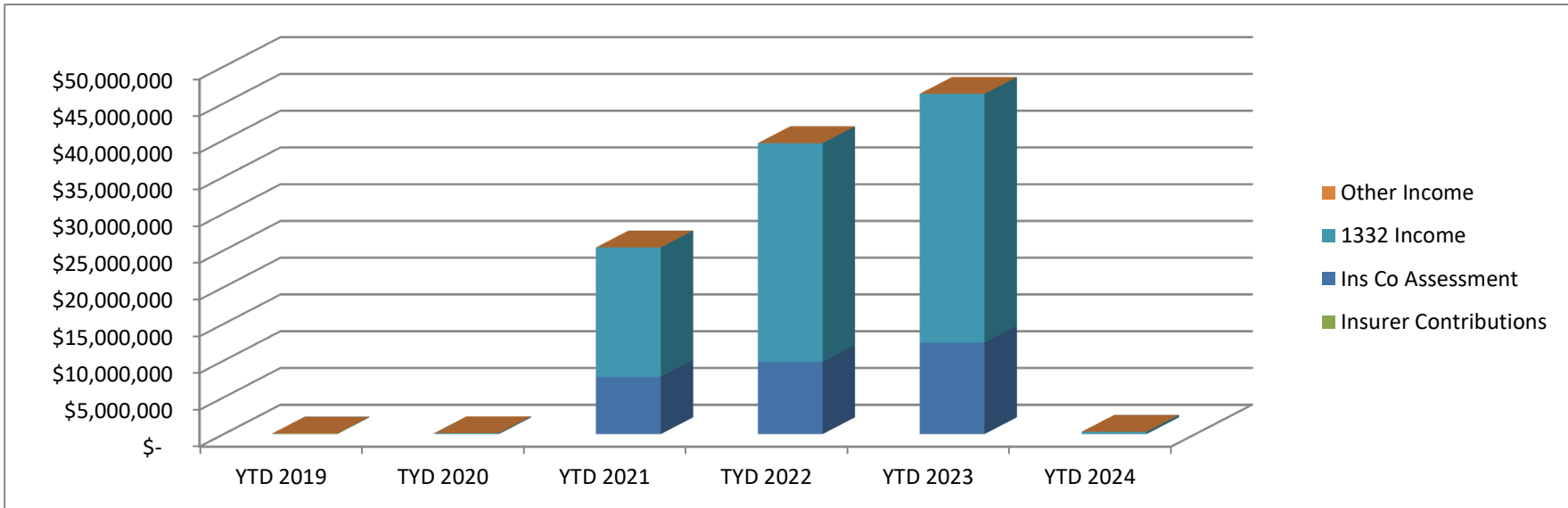
Range of Claims	Number of members	Total Claims Paid*
\$0-\$10,000	684	\$3,115,025
\$10,001-\$15,000	221	\$2,745,431
\$15,001-\$24,379	363	\$7,069,188
\$24,480 (max)	1,037	\$25,385,760
	2,305	\$38,315,404

*No MLR adjustments

Total Members submitted that attained the reinsurance cap **1037**
45%

**Montana Reinsurance Association
Supplemental Funding Information
For the Quarter Ending 9/30/2024**

	Ins Co Assessment	Insurer Contributions	1332 Income	Other Income	Total funding
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	\$ 12,416,330	\$ -	\$ 33,874,884	\$ -	\$ 46,291,214
YTD 2024	\$ -	\$ -	\$ 315,932	\$ -	\$ 315,932



Montana Reinsurance Association
Statistical Information - Projected Funding and Expenses
For the Quarter Ending 9/30/2024
 updated 05/6/24

	Wakely 2020	Wakely 2021	Wakely 2022	estimate Wakely 2023	estimate Wakely 2024	estimate Wakely 2025
Projected Funding Available to the Association						
Assessment	\$ 10,032,000	\$ 10,339,735	\$ 9,883,000	\$ 11,274,360	\$ 12,181,032	\$ 13,926,000
1332 Grant Award	\$ 22,490,988	\$ 30,818,509	\$ 29,734,004	\$ 28,428,130	\$ 35,768,918	\$ 44,404,000
	<u>\$ 32,522,988</u>	<u>\$ 41,158,244</u>	<u>\$ 39,617,004</u>	<u>\$ 39,702,490</u>	<u>\$ 47,949,950</u>	<u>\$ 58,330,000</u>
Expenses						
Claims Reimbursement(IBNR)	\$ 25,209,519	\$ 39,369,465	\$ 45,768,396	\$ 37,897,441	\$ 51,974,780	\$ 57,730,000
Reinsurance Payment Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative/Professional costs	\$ 167,472	\$ 297,091	\$ 306,895	\$ 296,350	\$ 350,000	\$ 350,000
	<u>\$ 25,376,991</u>	<u>\$ 39,666,556</u>	<u>\$ 46,075,291</u>	<u>\$ 38,193,791</u>	<u>\$ 52,324,780</u>	<u>\$ 58,080,000</u>
Net Change	<u>\$ 7,145,997</u>	<u>\$ 1,491,688</u>	<u>\$ (6,458,287)</u>	<u>\$ 1,508,699</u>	<u>\$ (4,374,830)</u>	<u>\$ 250,000</u>
Cumulative Balance	<u>\$ 7,145,997</u>	<u>\$ 8,637,685</u>	<u>\$ 2,179,398</u>	<u>\$ 3,688,097</u>	<u>\$ (686,733)</u>	<u>\$ (436,733)</u>