Section 1332 of the Patient Protection and Affordable Care Act (ACA) State Innovation Waivers – Reinsurance Waiver Annual Report, PY 2025

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on your specific terms and conditions (STCs), 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	December 31,2025
2.	Report Due Date	March 31.2026
3.	Report Submitted On (Date)	March 31, 2026
4.	Federal Agency and Organization Element to Which Report is Submitted	Consumer Information & Insurance Oversight
5.	Federal Grant Number Assigned by Federal Agency	SIWIW200014
6.	(a) UEI Grant Number	MDFWY87KWTD1
	(b) EIN	81-0302402
7.	Recipient Organization Name	Montana State Auditor, Commissioner of Securities and Insurance (CSI)
	Address Line 1	840 Helena Avenue
	Address Line 2	
	Address Line 3	
	City	Helena

State	Montana
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)

1. Montana Reinsurance Association Unaudited Financial Statements as of 12/31/2025
2. Minutes from the 07.29.2025 post-award forum

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.

(a) Typed or printed name and title of Authorized Certifying Official

Erin Snyder, Deputy Insurance Commissioner

(b) Signature of Authorized Certifying Official

Erin Snyder

Digitally signed by Erin Snyder
Date: 2026.10.27 09:21:49 -06'00'

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

(406) 444-4350

(d) Email address

Erin.Snyder@mt.gov

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

03/31/2026

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 collaboration with and participation by the MT CSI, the Montana Reinsurance Association (MRA) met five times in 2025, updated the program's Plan of Operation on May 28, 2025 (approved by the MT CSI on June 6, 2025).

The Board Chair resigned in November 2025 due to an employment change and was replaced by another representative from the same insurer.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails and plans for and results of associated corrective actions. If challenges were described in a prior annual report, 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.

Due to the Montana Reinsurance Program and the 1332 State Innovation Waiver, Montana has seen average individual market premium rate changes in 2025 as follows:

Carrier	With Reinsurance	Without Reinsurance
BCBSMT	5%	16.15%
COOP	13.4%	25.10%
PacificSource	8.29%	20.06%

Due to unexpected high enrollment and increased claims, the reinsurance funding for 2024 claims wasn't adequate to cover all claims. In accordance with MCA 33-22-13(2), carriers were reimbursed at pro-rata level based on funding available. The total claims submitted was $57,804,864 and the total claims reimbursed was $51,964,733 leaving $5,840,131 in unreimbursed claims.

D. Progress of Section 1332 Waiver – State-specific

14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1). Please report data for the full plan year (i.e., PY 2025).

    For projections—Provide the most up-to-date projections available at the time of completing this report. If the state does not have recent projections, provide projections from the Pass-through Funding Report. In the Comments column, please specify which scenario the projections reflect.

    For actuals—Provide the most up-to-date actuals available at the time of completing this report. If the state does not have actuals reflecting the full plan year, insert a placeholder (e.g., TBD) and specify in the Comments column when the data will be available. Once final actuals are known, please update the Annual Report.

Metric	Value	Comments (if applicable)
a. Projected and actual individual market enrollment (total annual member months) **on** the Exchange in the state for the plan year	Projected = 77,331 Actual =71,731	Actual = membership as of 12/31/2025 directly reported by participating carriers
b. Projected and actual individual market enrollment (total annual member months) **off** the Exchange in the state for the plan year.	Projected = 6,648 Actual = 6,167	Actual = membership as of 12/31/2025 directly reported by participating carriers
c. Projected and actual individual market total annual collected premiums **on** the Exchange for the plan year (i.e., total premiums collected by insurers, including any portion paid by APTC).	Projected= $607,845,499 Actual= $544,032,685	

Metric	Value	Comments (if applicable)
d. Projected and actual average individual market premium rate **on** the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected= $655.03 Actual= $617.84	The actual average premium rates are determined using 2025 member months from the NAIC state pages for the participating carriers. Member months are allocated between exchange and off-exchange based on actual enrollment data received directly from the carriers.
e. To the extent available, projected and actual individual market total annual collected premiums **off** the Exchange for the plan year.	Projected= $55,717,278 Actual= $49,867,969	
f. To the extent available, projected and actual average individual market premium rate **off** the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected=$698.38 Actual= $658.73	The actual average premium rates are determined using 2025 member months from the NAIC state pages for the participating carriers. Member months are allocated between exchange and off-exchange based on actual enrollment data received directly from the carriers.
g. 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 for the plan year	1 - $345.71 2 - ('except' see right) - $505.44 2 - ('only' see right) - $440.99 3 - $419.07 4 - $472.29	Group 2 'except' rates do not include SLCSP for Cascade, Gallatin, and Lewis & Clark counties Group 2 'only' rates are specific to Cascade, Gallatin, and Lewis & Clark counties
h. 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 for the plan year.	1 - $382.23 2 - ('except' see right) - $557.55 2 - ('only' see right) - $487.58 3 - $463.34 4 - $520.98	Group 2 'except' rates do not include SLCSP for Cascade, Gallatin, and Lewis & Clark counties Group 2 'only' rates are specific to Cascade, Gallatin, and Lewis & Clark counties

Metric	Value	Comments (if applicable)
i. ***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	
j. ***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	

15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.

    Montana's reinsurance waiver does not impact the benefits covered or Montana's Essential Health Benefits (EHB) benchmark.

16. Describe any technical changes made to the state's waiver plan during the plan year (i.e., PY 2025), including but not limited to changes in: program funding levels; reinsurance payment parameters; reinsurance reimbursement eligibility criteria for enrollee claims. If there were no technical changes, please confirm the final payment parameters and program funding levels.

    Secondly, if applicable, describe any technical changes being considered for the upcoming PY.

    Payment parameters: The MRA Board of Directors updated the program payment parameters for 2026 at its board meeting on May 28, 2025. See below for a comparison of 2025 and 2026 payment parameters:

	2025	2026
Attachment point	$40,000	$40,000
Coinsurance	60%	60%
Reinsurance cap	$91,000	$75,000

17. Describe any changes in state law or regulation that might impact the waiver and the date(s) these changes occurred or are expected to occur. For each state law or regulation, please provide its name, reference number, and link to its text.

    N/A

18. Report on spending for the plan year (i.e., PY 2025). If information for the full PY is not available at the time of completing this report, please provide the most complete responses possible and specify the timeframe covered, OR insert a placeholder (e.g., TBD) and specify in the Comments column when the data will be available (e.g., after reinsurance payment calculations are received in [month]). Once final actuals are known, please update the Annual Report.

Metric	Value	Comments (if applicable)
a. Amount of federal pass-through funding spent on individual claim payments to issuers from the reinsurance program for the plan year.	$37,746,937.93	
b. Amount of federal pass-through funding spent on operation of the reinsurance program (e.g., administrative costs, EDGE server fees, etc.) for the plan year.	$225,328.72	Payment of operating expenses in calendar year 2025
c. Amount of any unspent balance of federal pass-through funding for the plan year.	$0	
d. Amount of state funding contributed to fully fund the program for the plan year.	Total State contribution=$12,498,334.03 in assessment + $481,884.61 in investment income. $14,217,795.08 Paid (Includes State Roll Over)	Montana funding of 2024 reinsurance claims

19. If applicable, provide a claims breakout at an aggregate level for the top five conditions or cost drivers of the five conditions, including settings of care in the individual market.

Not applicable

20. If applicable, report on any strategies or incentives for providers, enrollees, and plan issuers to continue managing health care cost, claims, 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." The CSI requests that all issuers file an annual summary report of their Utilization Review plan and activities/functions by March 1 with the CSI per Mont. Code Annotated 33-32-207(3)(a).

For the 2025 plan year, all three carriers that participate in Montana's marketplace (and which are eligible to receive claims reimbursements under the MRA program) submitted the required reports. All three have integrated utilization review programs that use pre-service, concurrent and post-service reviews. All such reviews are designed to assist their respective members in managing their health care to achieve positive health outcomes using medical, behavioral health, clinical, pharmaceutical, and medical equipment means. Methodologies include prior authorization, case management, discharge planning and medical necessity reviews according to established, written medical policies. To varying extent, each carrier outsources certain utilization review activities and retains oversight of the delegated entities. Although no specific incentives for individuals eligible for reinsurance were reported, the marketplace health plans offer integrated financial incentives in the form of lower out-of-pocket costs for various procedures, drugs, durable medical equipment, etc.
In addition, one carrier specifically noted that their utilization management program reduces utilization by requiring step therapy before certain procedures and medications, whereby less aggressive or expensive treatments may be found to be effective.

The carriers do not distinguish between the cost containment mechanisms offered through their individual line of business and those offered through their other lines of business.

21. If applicable, report 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.

Metric	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	
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?

- (●) Yes
- ( ) No

23. State website address where Post-Award Forum was advertised and where the Annual Report is posted. In addition, please ensure prior years' Annual Reports are posted on the state's website.

    www.mtreinsurance.org

24. Date Post-Award Forum took place:

    July 29th, 2025

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received, number of participants in the forum, and actions taken in response to concerns or comments.

    Six people attended the forum, all representatives of the Montana Reinsurance Association Board of Directors and its administrator and members of the CSI. No public comments were received.

26. Other Attachments (attach other documents as needed pertaining to Post-Award Forum)

    Minutes from the 07.29.2025 post-award forum

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).

- (●) Yes
- ( ) No

28. Describe the state's implementation review process.

In 2025, the CSI and/or Montana Reinsurance Association initiated, produced or completed a number of reports/audits to catalog how the reinsurance program operates through the year as follows:
a) Three quarterly reports, as required by the federal grant specific terms and conditions, were submitted to CMS per the required due dates.
b) A pass-through funding report (for 2025), as required by the federal grant specific terms and conditions, was submitted to CMS on October 15, 2025.
c) An annual Solvency and Compliance Annual Review Report, prepared by an independent CPA, was submitted to the CSI and the Montana Legislative Economic Affairs Interim Committee (EAIC) on June 30, 2025, per Mont. Code Annotated 33-22-1308(4).
d) An annual Operations and Finance Report (2024) was submitted to the CSI and EAIC on June 30, 2025, per Mont. Code Annotated 33-22-1308(5).
e) A comprehensive validation of reinsurance claims was conducted by the CSI prior to claims payment, per Mont. Code Annotated 33-22-1307(b). The claims audit includes comparing reinsurance claims submitted for reimbursement to carrier claims data submitted to CMS' EDGE server. An additional audit is performed on a sample of claims by the independent CPA who audits the program.
f) As previously noted, the Board met five times during 2025, which included CSI participation and collaboration. The Board and CSI reference an internally developed calendar to monitor compliance requirements.