

POLICY DEVELOPMENT

Reinsurance Program

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ChooseHealth
DELAWARE

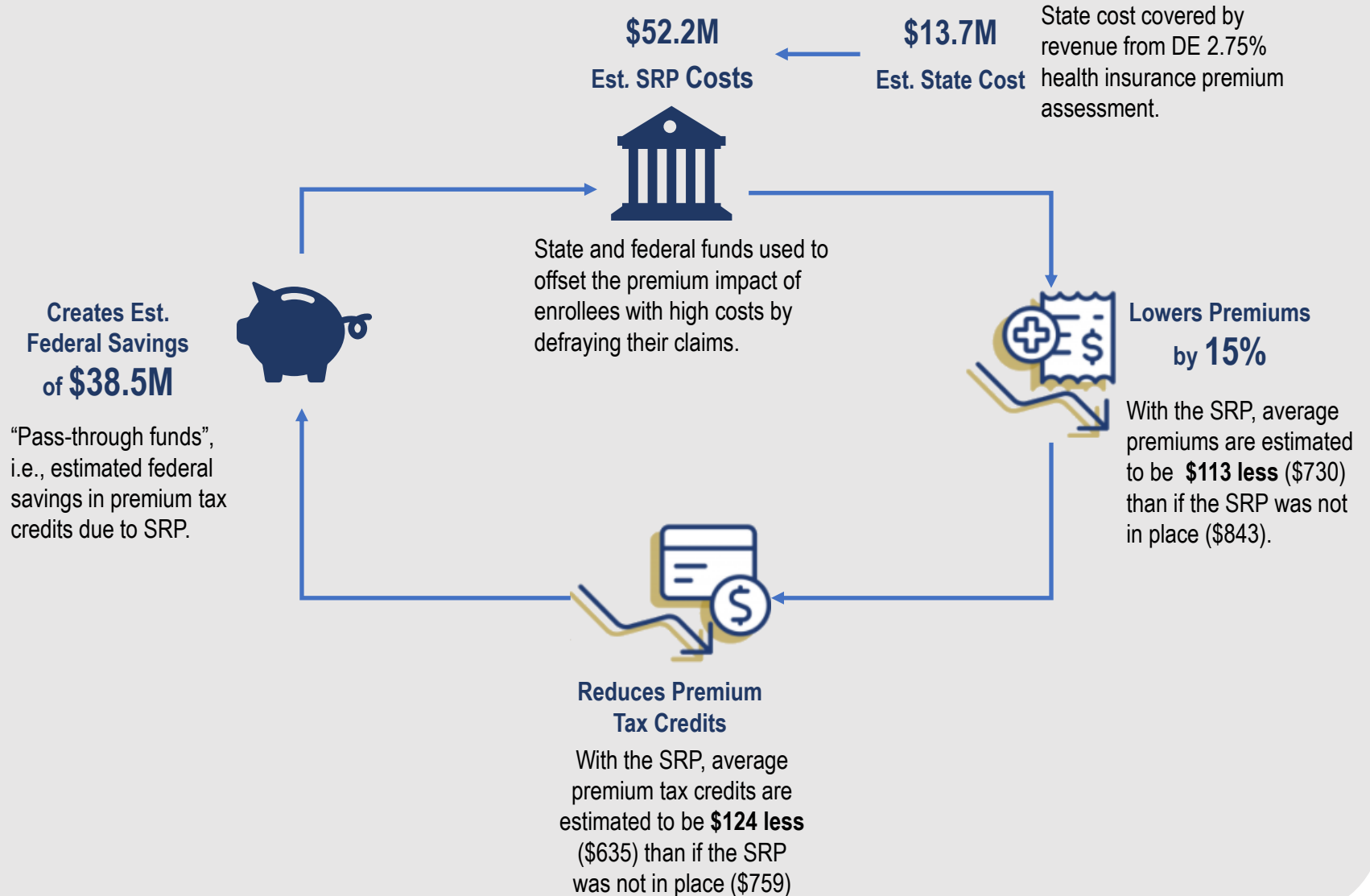
OVERVIEW

- In 2018, a study was conducted per SCR 70 to assess the potential impact of several different market options, including expanding Medicaid Title XIX to higher incomes, creating a lower cost Exchange-based insurance product, and implementing a state-based reinsurance program
- HHS approved Delaware's 1332 Waiver application on August 20, 2019
- The 1332 Waiver approval allows DHSS to operate a 5-year reinsurance program, which became effective on January 1, 2020
- All insurers offering coverage in the Individual ACA market are eligible to participate in the reinsurance program
- The goal of the reinsurance program to reduce member premiums in the Individual ACA market relative to if no reinsurance program were in place
 - For plan year 2021, the estimated impact was 16.0%
 - For plan year 2022, the estimated impact was 15.0%
 - For plan year 2023, the estimated impact was 15.0%
- The program is funded through a combination of federal pass-through funding and an annual premium assessment on carriers which was established by HB 193



How Delaware's State Reinsurance Program Works

2022 State Reinsurance Program Framework



DELAWARE REINSURANCE PROGRAM SUMMARY

December 1, 2022

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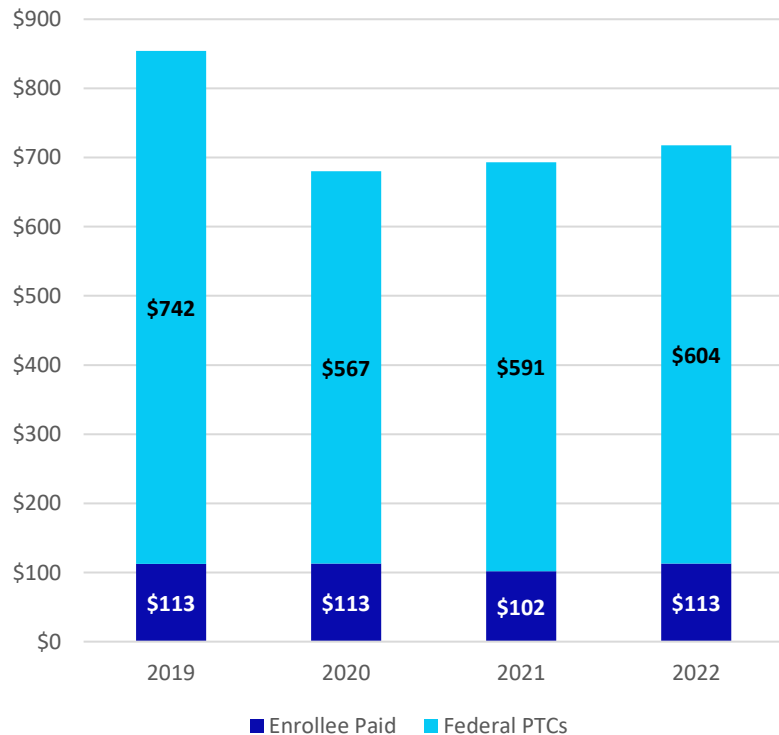
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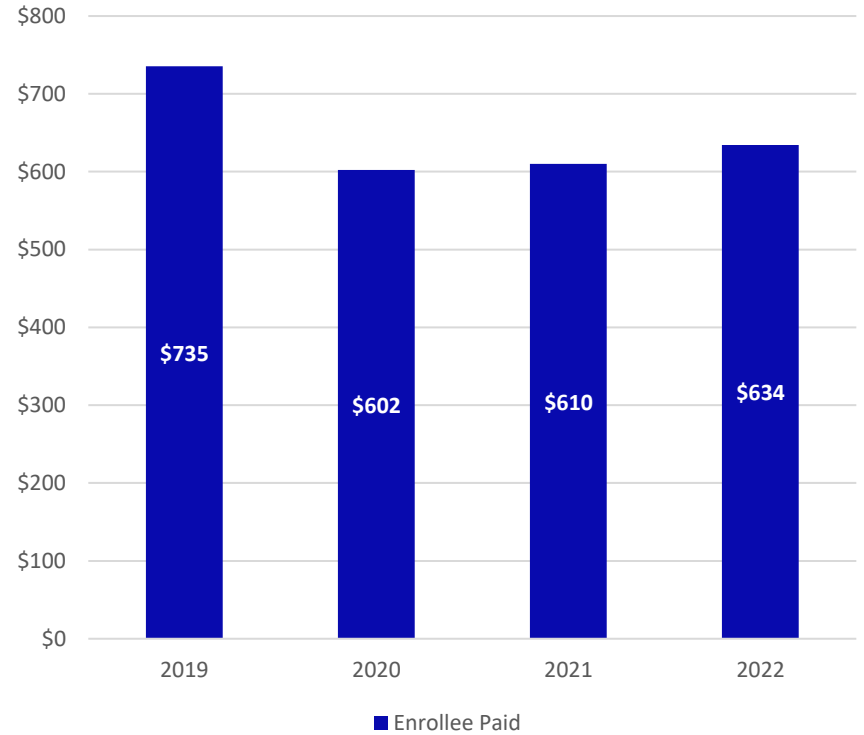
THE AVERAGE GROSS PREMIUM PMPM FOR ENROLLEES DECREASED SIGNIFICANTLY IN 2020 DUE IN PART TO THE IMPLEMENTATION OF THE REINSURANCE PROGRAM AND HAS REMAINED RELATIVELY FLAT IN THE FOLLOWING YEARS

Average Individual ACA Market Gross Premium PMPM

Enrollees Receiving PTCs - Split by Funding Source



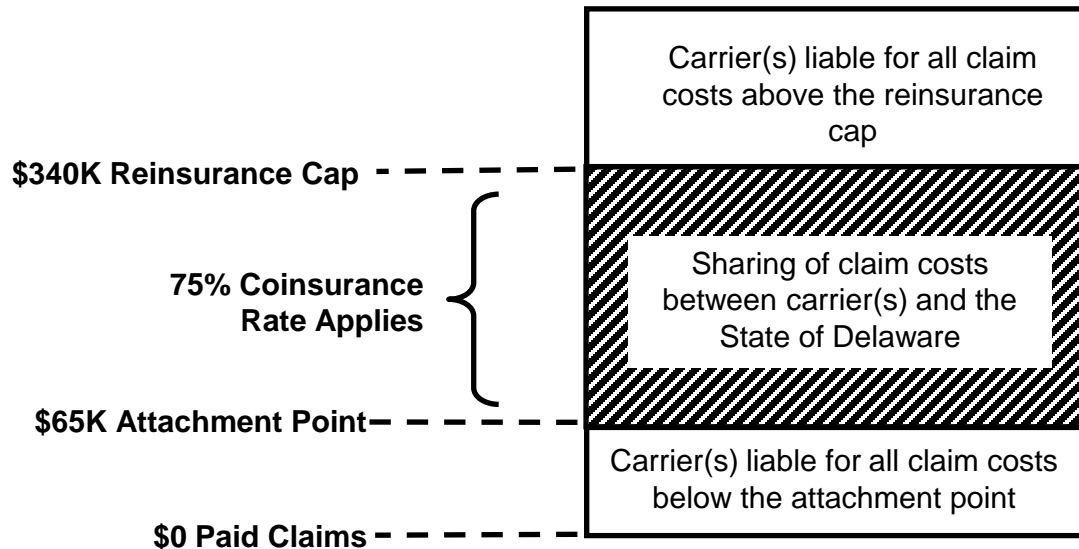
Enrollees Who Do Not Receive PTCs



Sources: Marketplace enrollment reports, carrier data call, and other external reports; 2022 YTD based on data through February

UNDER ITS ATTACHMENT POINT-BASED REINSURANCE PROGRAM, DELAWARE REIMBURSES CARRIERS FOR A PORTION OF CLAIM COSTS BETWEEN A SPECIFIED ATTACHMENT POINT AND REINSURANCE CAP

Figure 1 – Example of Risk Sharing in 2023

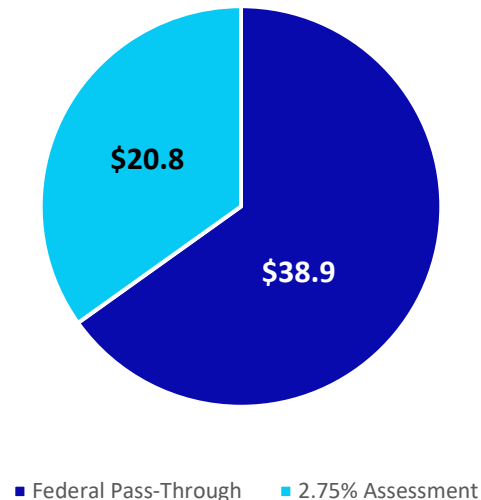


- All insurers offering coverage in the Individual ACA market are eligible to participate in the program
- The program is estimated to reduce member premiums in the Individual market by approximately 15.6% in 2023 relative to if no reinsurance program were in place; this estimate includes an assumption that the morbidity of the single risk pool will be 0.6% lower in 2023 relative to if no reinsurance program were in place
- The reinsurance parameters for calendar year 2023 are as follows:
 - Attachment Point: \$65,000, Coinsurance Percent: 75.0%, Reinsurance Cap: \$340,000

THE TOTAL COST OF THE REINSURANCE PROGRAM FOR 2023 IS PROJECTED TO BE \$59.7 MILLION; DELAWARE'S PORTION OF THAT COST IS PROJECTED TO BE \$20.8 MILLION

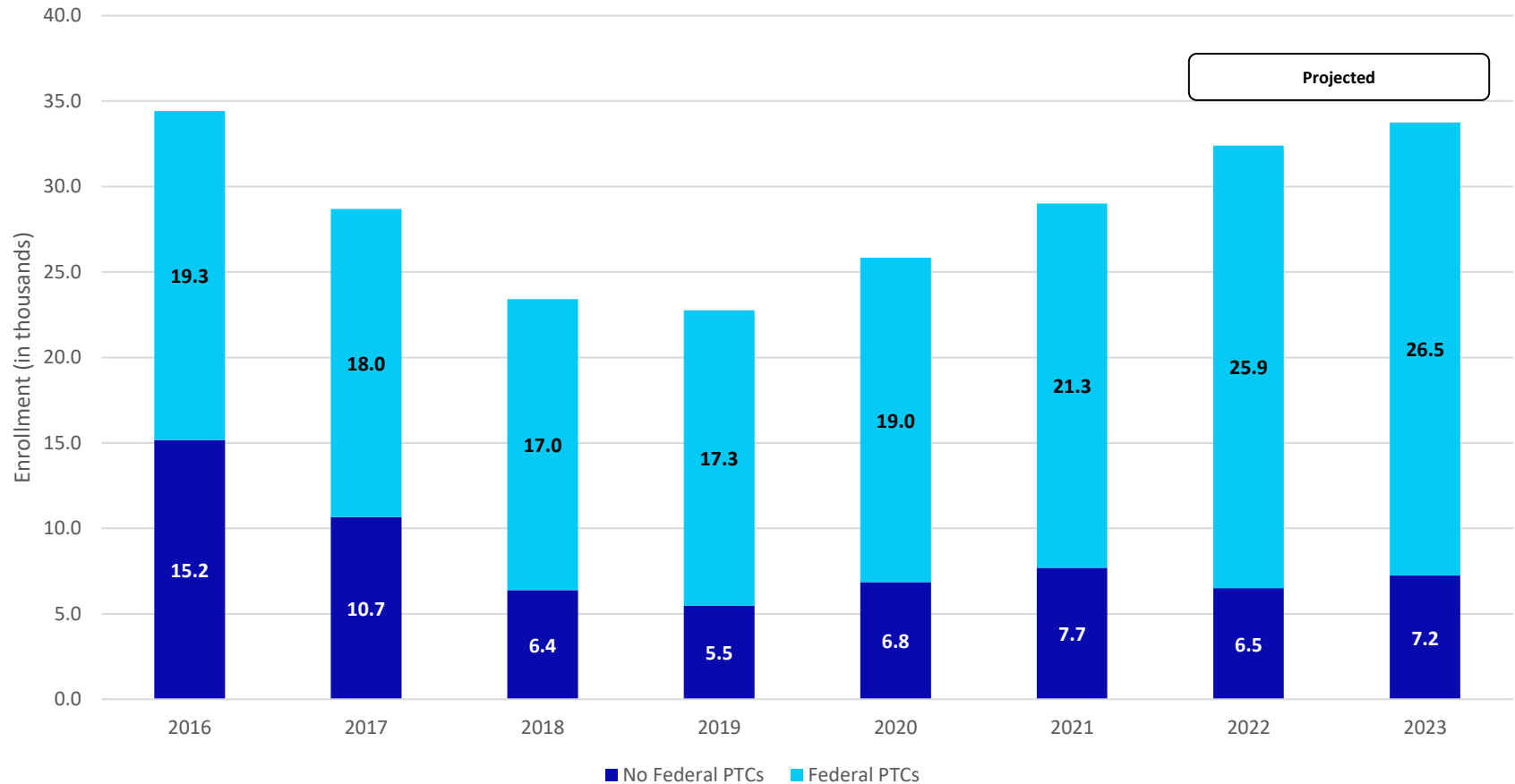
- Per House Bill 193, which was passed on June 20, 2019, the reinsurance program is funded with pass-through funds received from the federal government under the ACA and through a 2.75% annual assessment based on each health insurance carrier's premium that is subject to state premium tax
- Below is a summary of how the \$59.7 million cost is projected to be covered between the federal pass-through funds and funding raised through the 2.75% assessment

Projected Funding of 2023 Reinsurance Program (in \$millions)



INDIVIDUAL ACA ENROLLMENT IS PROJECTED TO INCREASE IN 2023, CONTINUING THE TREND OF INCREASING ENROLLMENT THAT HAS BEEN OBSERVED SINCE 2020, WHICH WAS THE START OF THE REINSURANCE PROGRAM

Individual ACA Market Enrollment



Sources: Marketplace enrollment reports, carrier data call, and other external reports; 2022 results are projected based on YTD data through February; 2023 results are projected based on internal modeling

THE PROPORTION OF INDIVIDUAL ACA MEMBERS IN GOLD PLANS HAS INCREASED EACH YEAR BETWEEN 2020 AND 2022

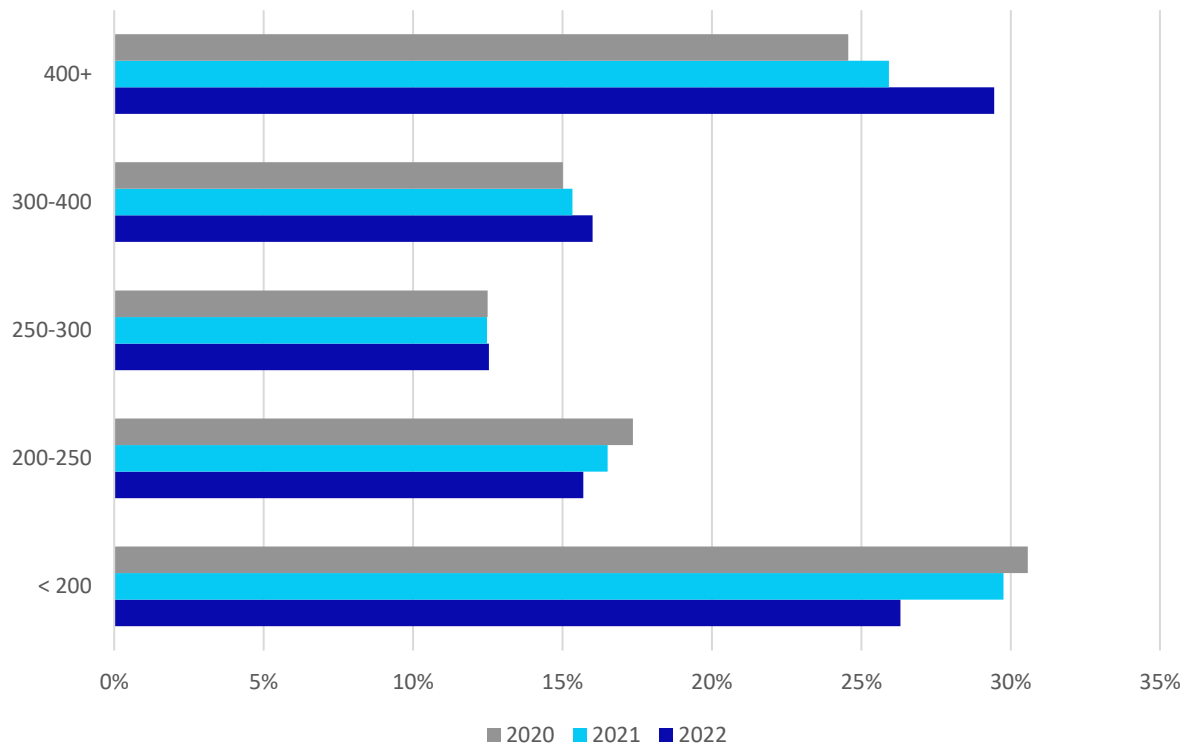
Distribution of Individual ACA Market Enrollment by Metal Level

Metal Level	2020	2021	2022 YTD
Platinum	2.8%	3.8%	3.6%
Gold	32.2%	37.4%	47.0%
Silver	31.6%	28.0%	23.5%
<i>Base Silver</i>	<i>6.7%</i>	<i>5.0%</i>	<i>2.1%</i>
<i>73% CSR</i>	<i>2.7%</i>	<i>1.9%</i>	<i>2.0%</i>
<i>87% CSR</i>	<i>12.3%</i>	<i>11.8%</i>	<i>11.5%</i>
<i>94% CSR</i>	<i>9.8%</i>	<i>9.3%</i>	<i>7.9%</i>
Bronze	32.7%	30.1%	25.4%
Catastrophic	0.7%	0.7%	0.6%

Source: Carrier data call; 2022 YTD based on data through February

THE PERCENTAGE OF MEMBERS WITH A HOUSEHOLD INCOME OF 400%+ FPL HAS INCREASED FROM 2020 TO 2022

Distribution of Individual ACA Market Enrollees by FPL



Source: Marketplace enrollment reports, carrier data call; 2022 YTD based on data through February

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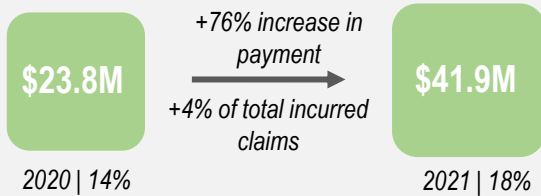
2020 - 2022 | Delaware State Reinsurance Program Debrief

SRP-Claims Analysis & SRP-Enrollee Characteristics/Findings

John-Pierre Cardenas, MSPH

2020 - 2021 State Reinsurance Program | Enrollee & Claims Trends

SRP Payments



SRP Payments by Enrollee

2020 - 2021



SRP Payments reimbursed 39% of claims incurred by SRP-enrollees

Off-Exchange

- \$290 in claims
-2%

+23% in SRP(\$s)

+8% claims per year

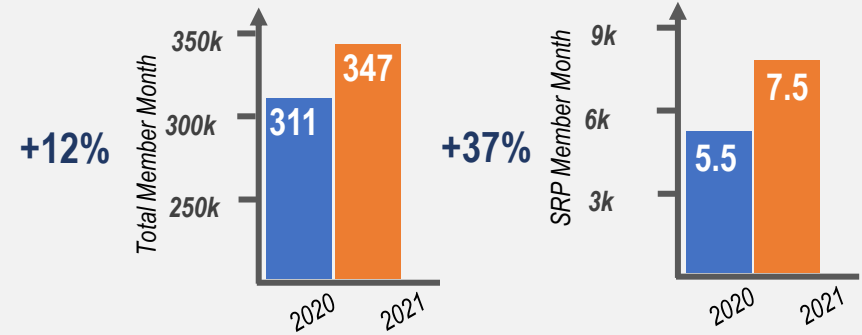
On-Exchange

+ \$278 in claims
+2%
-\$350 in claims (-2%) for Silver CSR 94 SRP-enrollees

+28% in SRP(\$s)
+38% in SRP-Payments for Silver CSR 94 SRP-enrollees

-1% claims per year
-4% fewer claims for Silver CSR 94 SRP-enrollees

Member Months & Premiums



Avg. Member Months 2020-2021

10.1 months \rightarrow 9.5 months

Pop-Avg -6%

10.8 months \rightarrow 10.8 months

SRP-avg 1%

Premiums (PMPM)

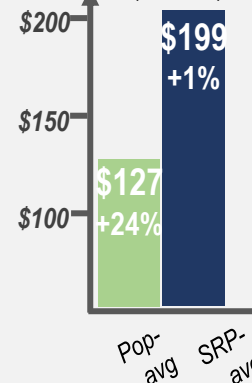
2020 \$660

+2% \downarrow

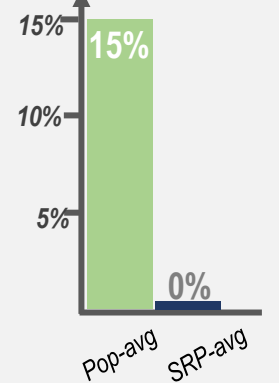
2021 \$672

Claims Costs & Utilization

Net change in Claims (\$PMPM)



Net change in Utilization (PMPM)



2020 – 2021 State Reinsurance Program | Claims Drivers

Table 1. 2020 – 2021 SRP-eligible claims attribution by condition

Reason	2020	2021	Percent Change
Acute/Emergency	42%	23.7%	-18.3%
Chronic Conditions	58%	71%	13%
COVID-19	2.2%	5.3%	3.1%

Table 2. 2020 – 2021 SRP-eligible population by condition

Reason	2020	2021	Percent Change
Acute/Emergency	44.9%	68.7%	23.8%
Chronic Conditions	55.1%	99.1%	44%
COVID-19	3.4%	5.3%	1.9%

Table 3. 2020 – 2021 SRP-eligible payments by condition

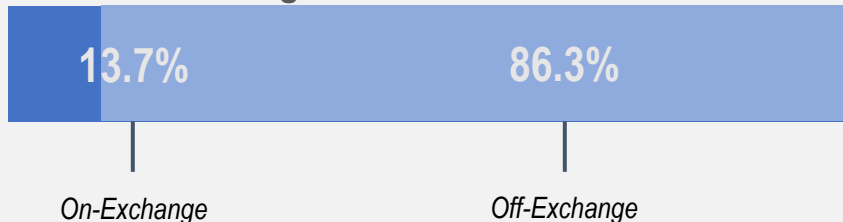
Reason	2020	2021	Percent Change
Acute/Emergency	41%	24%	-17%
Chronic Conditions	57%	71%	14%
COVID-19	2%	5%	3%

SOURCE: 2020 & 2021 State Reinsurance Program Reports.

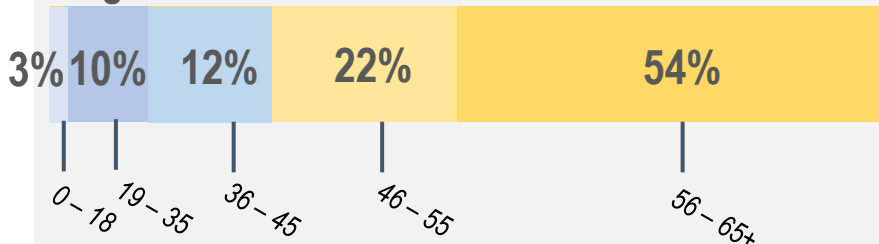
2021 SRP | Enrollment & Conditions Management

Figure 2. 2021 SRP Enrollee Characteristics

On/Off-Exchange



Age Distribution



Metal Level Distribution

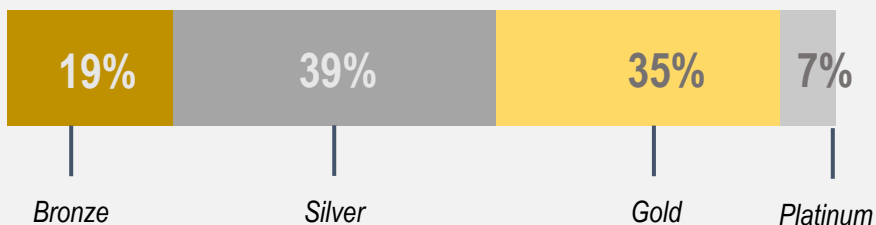
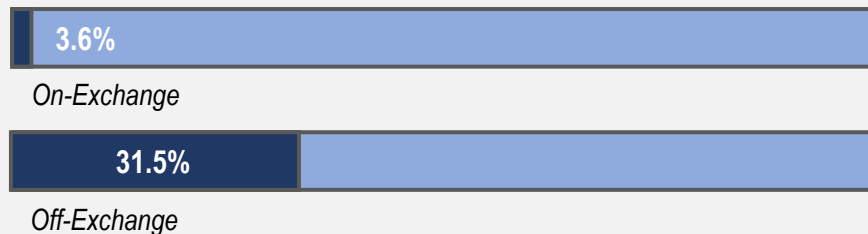
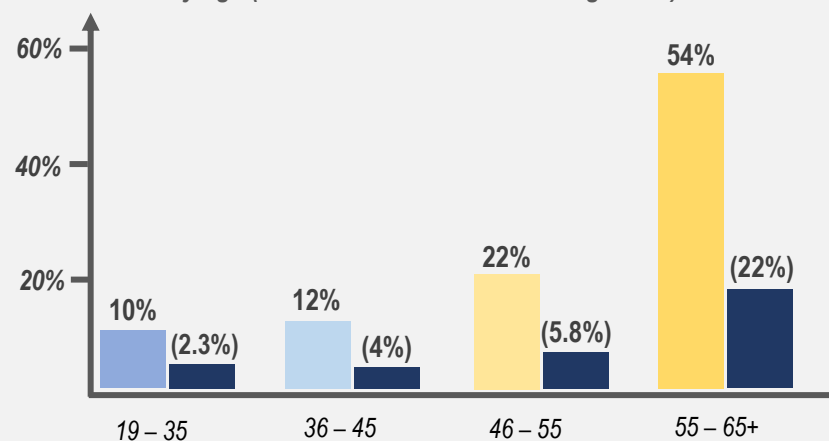


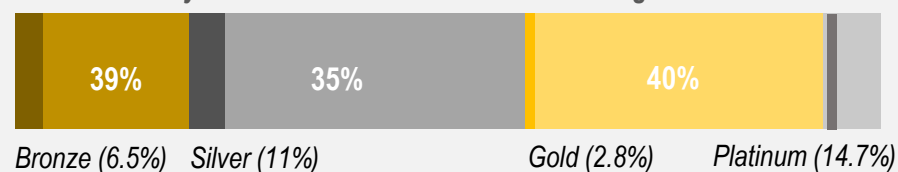
Figure 3. 2021 SRP | Condition Management Program Participation



SRP-enrollee by age (% in chronic condition management)



SRP-enrollee by metal level in chronic condition management

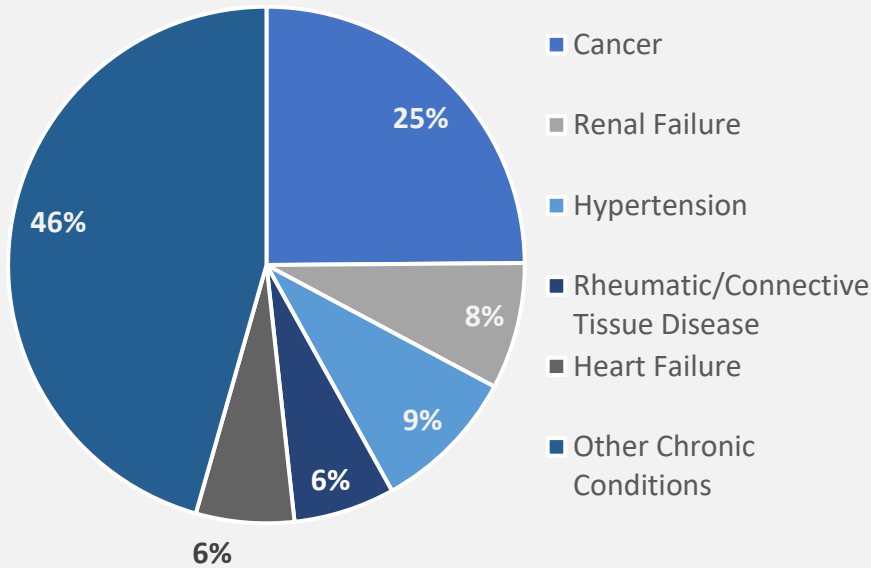


SOURCE: 2021 State Reinsurance Program Report.

2021 State Reinsurance Program Report | Chronic Disease

Table 2. State Reinsurance Program | Chronic Condition Prevalence

Prevalence of Top-5 Chronic Conditions in SRP-Enrollee Population



Chronic Condition Prevalence

SRP-Enrollees

<i>Cancer</i>	25.1%
<i>Renal failure</i>	8%
<i>Hypertension</i>	9.2%
<i>Rheumatic / Connective tissue disease</i>	6.4%
<i>Heart Failure</i>	6.2%

SOURCE: 2021 State Reinsurance Program Report