



# Health Care Update

## NCCMP Annual Conference

September 26, 2017

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# Payments to Transitional Reinsurance Program

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**Goal of reinsurance programs  
was to stabilize the individual  
insurance market in 2014 – 2016**



# Payments to Transitional Reinsurance Program

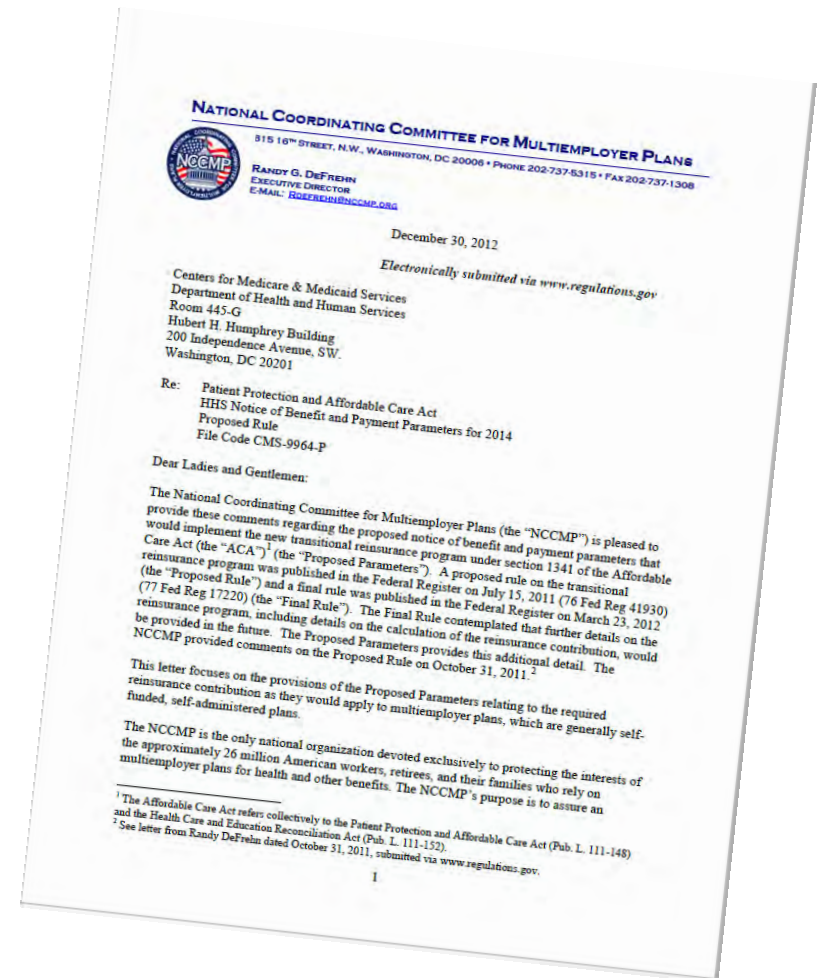
- Fees based on a per capita (i.e., per person) contribution rate set by federal government for plans that provided “major medical coverage”
  - Final rate for 2014 was \$5.25 per person per month (i.e., \$63 per person per year)
  - Final rate for 2015 was \$44.00 per person per year
  - Final rate for 2016 was \$27.00 per person per year
- For the 2016 benefit year, as of June 2017, an estimated **\$4 billion in reinsurance** payments will be made to 496 issuers nationwide





# Reinsurance program for 2014-2016

- Beginning shortly after the ACA was passed, the NCCMP filed a series of comments with the federal agencies, primarily HHS, arguing that the reinsurance program should not apply to multiemployer plans
- The comments argued that the law clearly stated that the fee was only payable by insurers and Administrative Service Organizations (ASOs), not by multiemployer plans
- The NCCMP also held a series of meetings with federal regulators on the reinsurance fee



# 2014 Reinsurance Fees

**For 2014, a self-insured multiemployer health plan was required to pay the transitional reinsurance fee, whether or not it used a third party administrator**

**However, because of the NCCMP's efforts, for 2015 and 2016, self-insured and self-administered multiemployer health plans were not required to pay the reinsurance fee**







# **Alaska Addresses Exchange Shortcomings**



# Alaska Addresses Exchange Shortcomings

- Premiums in the individual health care market in Alaska were projected to increase 42% in 2017
- Consequently, in 2016, Alaska created the Alaska Reinsurance Program (ARP) and appropriated \$55 million to fund the program in 2017





# Alaska Addresses Exchange Shortcomings

- As a result of the ARP, premiums increased approximately **7%** in 2017, instead of **42%**
- Alaska requested that the federal government pass these savings back to it through a Section 1332 waiver
- July 7, 2017, HHS and Treasury granted a Section 1332 waiver under the Affordable Care Act to the state of Alaska





# State of Alaska

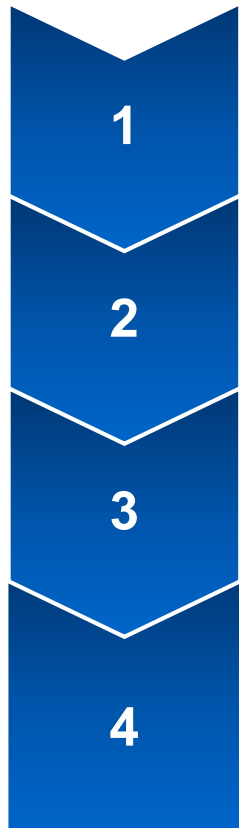
## 1332 Waiver

- Single Remaining Carrier in State Exchange/Marketplace (Premera/BC)
- Stability, affordability, sustainability are concerns

# State of Alaska

## 1332 Waiver

Alaska received a waiver of Section 1312(c)(1) of the ACA, which requires that all payments to insurers be used to establish a market wide index rate. The waiver permits Alaska to exclude the ARP payments from their calculation of the state market wide index rate.



- 2017 premiums initially projected to increase 42%
- In 2016, appropriated \$55M for AK Reinsurance Program
- Reimburses carrier(s) for high-cost claims/conditions
- 2017 premiums increased 7%
- Lower premiums → Fed Premium Assistance Tax Credit reduced by \$51.6M for 2018
- State asked Feds to share savings with the State and the Fed agreed
- State estimates enrollments increased by 1,650 in the Exchange



# Going Forward

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- Grandfathered multiemployer plans should be vigilant about testing and notices to retain grandfathered status
- Non-grandfathered plans should monitor developments regarding preventive benefits, cost-sharing maximums, and appeals rules
- While ACA repeal/replace may not focus on employer-sponsored plans, the effects of reform could affect plan costs, e.g., with respect to uncompensated care
- Preparation should continue for the “Cadillac tax”

A vibrant photograph of the Aurora Borealis (Northern Lights) in shades of green and purple, dancing across a dark night sky. Below the lights, a dense forest of evergreen and deciduous trees is silhouetted against the glowing horizon. The overall scene is serene and majestic.

# Thank you!

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