Health Care Update

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Payments to Transitional Reinsurance Program

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

1. 2017 premiums initially projected to increase 42%
2. In 2016, appropriated $55M for AK Reinsurance Program
3. 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
4. State estimates enrollments increased by 1,650 in the Exchange
Going Forward

➢ 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”
Thank you!

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