



# IMPLICATIONS AND OPPORTUNITIES FOR MULTIEMPLOYER PLANS

**President's 2018 Budget**

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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

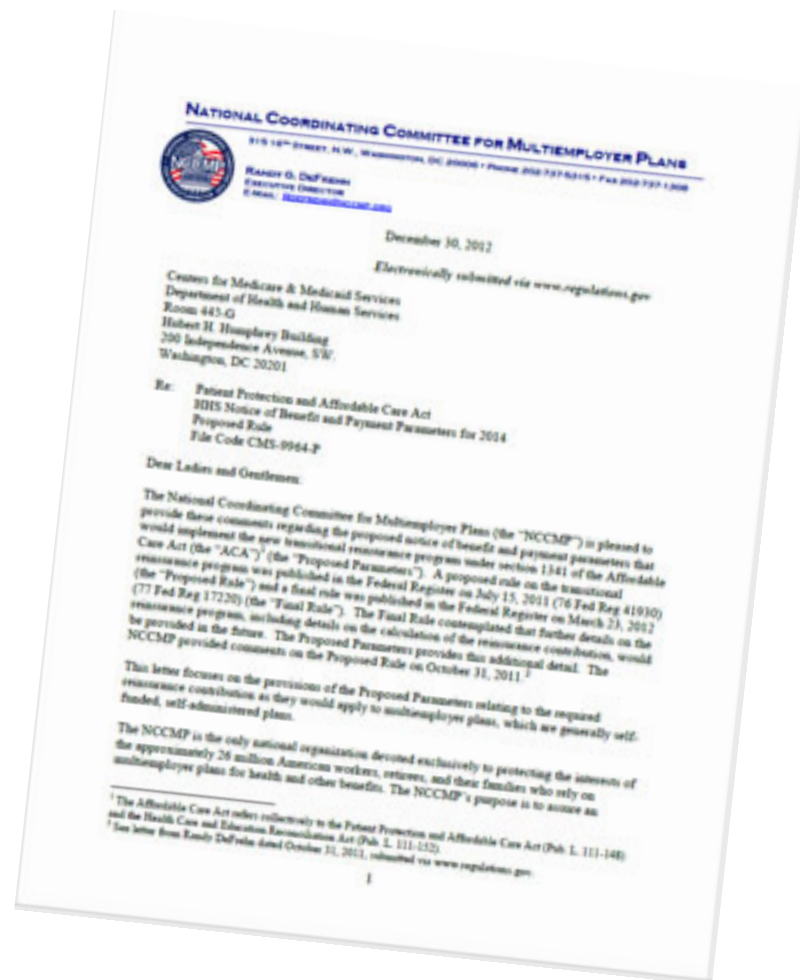
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- Fees based on a per capita (i.e., per person) contribution rate set by federal government for plans that provided “major medical coverage”
  - Final rate for 2014 was \$5.25 per person per month (i.e., \$63 per person per year)
  - Final rate for 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

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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)
  - Federally facilitated
- 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

# Health Authority

- Previously considered options to extend additional coverage to low-income residents...without accepting ACA Medicaid Expansion
- State is also studying the viability of a State Health Care Authority
- Could combine coverage for:
  - State Employees and Retirees
  - Other Public Employees (local gov'ts, teachers, etc.)
  - Medicaid

**Thank you!**

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