State of Delaware

1332 State Innovation Waiver Five-Year Extension Application 2025-2029

Delaware Department of Health and Social Services

Josette D. Manning, Esq., Cabinet Secretary

April 2, 2024

Contents

Section 1: Overview

A detailed description of the extension request, including the desired time period for the extension. The state must confirm there are no changes to the current waiver plan for the new waiver period that are otherwise not allowable under the state's STCs, or that could impact any of the section 1332 statutory guardrails or program design.

A. Extension Request

Josette D. Manning, Esq., Cabinet Secretary of the Delaware Department of Health and Social Services, on behalf of the State of Delaware (the State), submits this extension request to the Centers for Medicare and Medicaid Services (CMS), a division of the United Stated Department of Health and Human Services (HHS), and to the United States Department of the Treasury (Treasury). Delaware's currently approved waiver of the Affordable Care Act (ACA) requirement for the single risk pool contained in ACA section 1312(c)(1) allows the state to operate a state-based reinsurance program for the Individual health insurance market from January 1, 2020 through December 31, 2024. Delaware seeks to waive ACA section 1312(c)(1) for an additional waiver period of five years from January 1, 2025 through December 31, 2029 to support the continued operation of its Individual market state-based reinsurance program. The only change to Delaware's existing 1332 waiver will be the extended timeframe and Delaware's 1332 waiver will not seek to waive any other sections of the ACA. The waiver extension will continue to abide by the Specific Terms and Conditions set forth by CMS, adhere to the guardrails established by Section 1332, as well as the principles laid out in guidance from CMS, and will not affect other provisions of the ACA.

B. Background of the Reinsurance Program

Senate Concurrent Resolution 70 (SCR 70) was passed on June 28, 2018, and authorized the State's initial Section 1332 waiver application. The establishment of a state-based reinsurance program and the securement of a funding source for that reinsurance program was established in the Delaware Health Insurance Individual Market Stabilization and Reinsurance Program Assessment (18 Del. C. §8703), which was passed on June 20, 2019. Delaware received approval from CMS on August 20, 2019 for its current Section 1332 waiver.

The Delaware Health Care Commission (DHCC) was created by 16 Del. C. §9902. Per 18 Del. C. §8703, the DHCC is charged with the following responsibilities associated with the operation of the reinsurance program.

1. Provide reinsurance to issuers that offer individual health benefit plans in the State.[1]
2. Establish procedures for the handling and accounting of program assets and monies, as well as for an annual fiscal reporting to the Commission, Insurance Commissioner and General Assembly.
3. Annually establish procedures and parameters for reinsuring risks, including all of the following: an attachment point, a coinsurance rate, and a coinsurance cap.
4. Establishing procedures and standards for issuers to submit claims to be reinsured under the program.
5. Establishing procedures for selecting an administering contractor and setting forth the power and duties of the administering contractor.

[1] Any entity that provides health insurance in the State of Delaware. Issuer includes an insurance company, health service corporation, health maintenance organization, and any other entity providing a plan of health insurance or health benefits subject to Delaware state insurance regulation.

6. Establishing procedures for quarterly reporting or annual reporting, or both, of data under the §1332 waiver to demonstrate that the waiver remains in compliance with the scope of coverage, affordability, comprehensiveness, and deficit requirements.
7. Establishing procedures for providing each year the actual Second Lowest Cost Silver Plan premium under the Affordable Health Care Act's [42 U.S.C. §18001 et seq.] §1332 waiver and an estimate of the premium as it would have been without the waiver.
8. Providing for any additional matters necessary for the implementation and administration of the reinsurance program.

C. Reinsurance Program Funding

18 Del. C. §8703 authorizes the Insurance Commissioner to assess issuers to finance the reinsurance program.[2] The assessment is equally applied to all issuers based upon their premium tax liability, or the amount of the issuer's premium tax exemption value for the previous calendar year. The assessment is 2.75% annually in years that the Health Insurance Providers Fee (i.e., as defined under 9010 of the Affordable Care Act) is waived, and 1% of premium annually in years that the Health Insurance Providers Fee is assessed. The purpose of the assessment is to fully finance the State's liability related to the reinsurance program (i.e., after federal pass-through funds have been applied). The State of Delaware may not hold more than 5 years of operating and administrative funds to cover the expected cost of the reinsurance program. In the event collections exceed that amount, the state must notify the issuers that the following year's assessment will be waived.

D. Extension Period Goals

Delaware believes that a sustainable, affordable Individual market for health insurance is important, and Delaware's Individual market has grown significantly since the initial implementation of its reinsurance program in 2020. The State believes that an effective mechanism to help sustain an affordable Individual market is through the extension of the state-based reinsurance program. The current Delaware reinsurance program utilizes an attachment-point model of reinsurance, financed by a premium assessment on health insurance issuers. Under this extension request, the only change to Delaware's existing 1332 waiver will be the extended timeframe. Continuing to sustain an affordable Individual market through the spreading of risk among the larger statewide health insurance market represents appropriate public policy.

Delaware's Section 1332 waiver extension proposes to continue waiving §1312(c)(1)[3] of the Affordable Care Act with the goal of continuing a reinsurance program that is expected to lower gross premium rates (i.e., prior to the application of advance premium tax credits) in the Individual ACA market by, on average, 15.3% for the 2025 plan year. These estimates are relative to actuarial projections of a 2025 plan year without a reinsurance program in effect.

[2] Any entity that provides health insurance in the State of Delaware. Issuer includes an insurance company, health service corporation, health maintenance organization, and any other entity providing a plan of health insurance or health benefits subject to Delaware state insurance regulation.

[3] §1312(c)(1) states that "A health insurance issuer shall consider all enrollees in all health plans (other than grandfathered health plans) offered by such issuer in the Individual market, including those enrollees who do not enroll in such plans through the Exchange, to be members of a single risk pool."

E. Timeline

Delaware will seek to achieve the following timeline in order to continue the reinsurance program for 2025 and future plan years:

Date	Description
3/12/2024	State Public Comment Period began
3/21/2024	Public hearing held
1/1/2025	Delaware's reinsurance program under a Section 1332 waiver continues operation under the extension, compliant with both state and federal law and regulations
4/1/2025	Federal government submits pass-through payments for 2025 plan year to the DHCC
4/15/2025	The DHCC submits quarterly report to federal government
5/1/2025	Reinsurance program parameters are estimated for the 2026 plan year
6/15/2025	State holds required annual public forum
6/21/2025	Individual QHP rate filing deadline for 2026 plan year
7/15/2025	The DHCC submits quarterly report to federal government
8/23/2025	Delaware Department of Insurance approves rates for the 2026 plan year
9/15/2025	The DHCC submits pass-through report responses to federal government for 2026 plan year
10/1/2025	CMS sends Certification notices to issuers for 2026 plan year
10/15/2025	The DHCC submits quarterly report to federal government
11/1/2025	Open enrollment for 2026 plan year begins
1/1/2026	Reinsurance program parameters are finalized for the 2026 plan year
1/15/2026	The DHCC submits quarterly report to federal government
3/1/2026	Premium assessments paid by issuers to the Department of Insurance for 2025 plan year

Section 2: Program Outcomes and Section 1332 Guardrails

Preliminary evaluation data and analysis of observable outcomes from the existing waiver program, which includes quantitative or qualitative information on why the state believes the program did or did not meet the statutory guardrails. For example, the state may provide information comparing the originally projected premium reductions or expected claims reimbursements to the actual values of the outcomes observed.

The Delaware reinsurance program successfully reduced premiums and increased enrollment over the five-year wavier period. The program has also fully complied with Section 1332 statutory guardrails.

A. Evaluation and Outcomes Data

In each of the years since the reinsurance program was implemented, premium rates for plans offered in Delaware's Individual market were reduced by an average of between 13.8% and 16.0%, relative to premiums that would have existed absent the waiver. These reductions are in line with the initial goal of the program as provided in the State's original waiver application, which was to reduce issuer costs in the Individual ACA market by an average of 13.0% to 20.0%.

B. Increased Competition and Consumer Choice

In addition to reduced premium rates, three new carriers have entered the market since the implementation of the reinsurance program, increasing the total number of carriers offering Individual ACA coverage from one in 2020 to four in 2024. This has created additional competition and increased consumer choice in the State.

C. Section 1332 Guardrails

The ACA contains provisions that encourage states to innovate regarding health insurance coverage and avoid situations where a one-size-fits-all approach implemented through federal regulation may have negative effects in specific states. The provision at the center of this Section 1332 waiver extension proposal is Section 1332 of the ACA, which allows states to modify or waive certain provisions of the ACA. However, there are certain "guardrails" in that authorization which place limitations how Section 1332 waivers can be used by states. The guardrails outlined in Section 1332 of the ACA are intended to ensure that comprehensive, affordable healthcare coverage continues to be made available in a state to at least as many individuals as would have access absent a waiver, while not increasing the federal deficit.

1. Comprehensiveness of Coverage

The first of the four guardrails requires that any Section 1332 waiver must ensure coverage provided in the market after the implementation of the waiver that is "at least as comprehensive" as would be available without the implementation of a Section 1332 waiver and offered through the Exchange.

The only change to Delaware's existing Section 1332 waiver will be the extended timeframe. Delaware's Section 1332 waiver extension does not in any way seek to alter the requirements of coverage under state benefit mandates or under the ACA's required coverages, including the essential health benefits requirement under section 2707 of the Public Health Service Act.

2. Affordability of Coverage

A Section 1332 waiver must provide "coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable" for the State's residents as would be available absent the implementation of the Section 1332 waiver. Affordability is measured by comparing an individual's net out-of-pocket spending, including premium contributions, cost-sharing, and spending on non-covered services.

The only change to Delaware's existing Section 1332 waiver will be the extended timeframe. Delaware's Section 1332 waiver extension would not require or encourage issuers to alter cost-sharing designs or network coverage. In addition, by continuing the reinsurance program which has lowered gross premium rates, Delaware's Section 1332 waiver extension would reduce premium contributions made by a number of individuals (e.g., those individuals who do not receive advance premium tax credits) and reduce the overall cost of health insurance in the Individual ACA market. Overall, if approved, the Section 1332 waiver extension is expected to make coverage more affordable in the Individual ACA market.

3. Scope of Coverage

Section 1332 requires that states must provide coverage to "at least a comparable number of the State's residents" as would have been covered without the waiver.

The only change to Delaware's existing Section 1332 waiver will be the extended timeframe. Delaware's Section 1332 waiver extension is expected to increase the number of enrollees in the Individual ACA market due to the reduction in rates resulting from the reinsurance program. Actuarial analyses and projections estimate that the number of Individual ACA market enrollees would increase for the 2025 plan year, relative to if no reinsurance program were in place.

4. Deficit Neutrality

Section 1332 requires that a waiver must not increase the federal deficit in each year of the waiver. All changes in federal revenues and outlays resulting from an approved Section 1332 waiver must be considered.

The only change to Delaware's existing Section 1332 waiver will be the extended timeframe. Delaware's Section 1332 waiver extension would not increase either the federal deficit or federal revenues or outlays. The reinsurance program proposed in Delaware's Section 1332 waiver extension would seek pass-through funding that is equal to, but not greater than, the amount of money in PTCs that Treasury would otherwise pay without a reinsurance program under a Section 1332 waiver. In other words, federal expenditures would not be expected to change as a result of the waiver.

Section 3: Updated Economic or Actuarial Analysis for Extension Period

Updated economic or actuarial analyses for the extension period, if the state is aware of changes in state law, the state insurance market, or to the waiver program that are allowable under the STCs and impact waiver assumptions and projections, and that the state has not previously shared with the Departments via its reporting requirements.

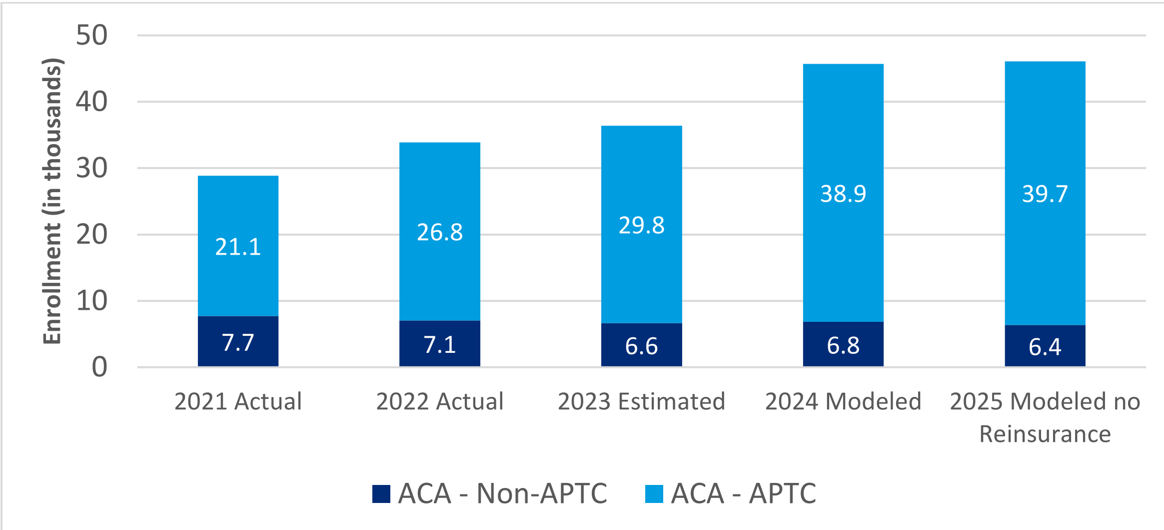
A. Actuarial and Economic Analyses

The Delaware Department of Health and Social Services (DHSS) retained Oliver Wyman Actuarial Consulting, Inc (Oliver Wyman) to perform actuarial and economic analysis for the extension period of the waiver. No state legislative changes are expected to impact Delaware's reinsurance program during the waiver extension period. Some key items of the analyses are provided in this section but please see Attachment 1 for Oliver Wyman's detailed report.

B. Summarized Results of Actuarial and Economic Analyses

The 2025 Modeled Baseline shown in Chart 1 reflects projected enrollment levels in 2025, split between those individuals receiving advance premium tax credits (APTCs) and those individuals who do not receive APTCs. As shown, absent a Section 1332 waiver extension and corresponding reinsurance program, total enrollment volumes in Delaware's Individual ACA market are expected to decrease slightly from 2024 to 2025.

Chart 1 – Individual ACA Market Membership (2021 to 2025)



Some other key assumptions being incorporated into the 2025 projection are that insurer pricing in 2025 will incorporate the following items: 7.0% premium/claims trend, Exchange User Fees for 2025 equal to 2.20% of premium, cost sharing reduction (CSR) subsidies will continue to be unfunded by the federal government and issuers will continue to load premiums for their on-Exchange silver plans by an amount equal to the level of the loads used in 2024, issuer plan and network offerings will be similar to those available to consumers in 2024, there will be no significant issuer entries or exits beyond those that occurred for 2024, and there will be no additional significant legislative changes at either the state or federal level.

Chart 2 – 2025 Individual ACA Market Membership

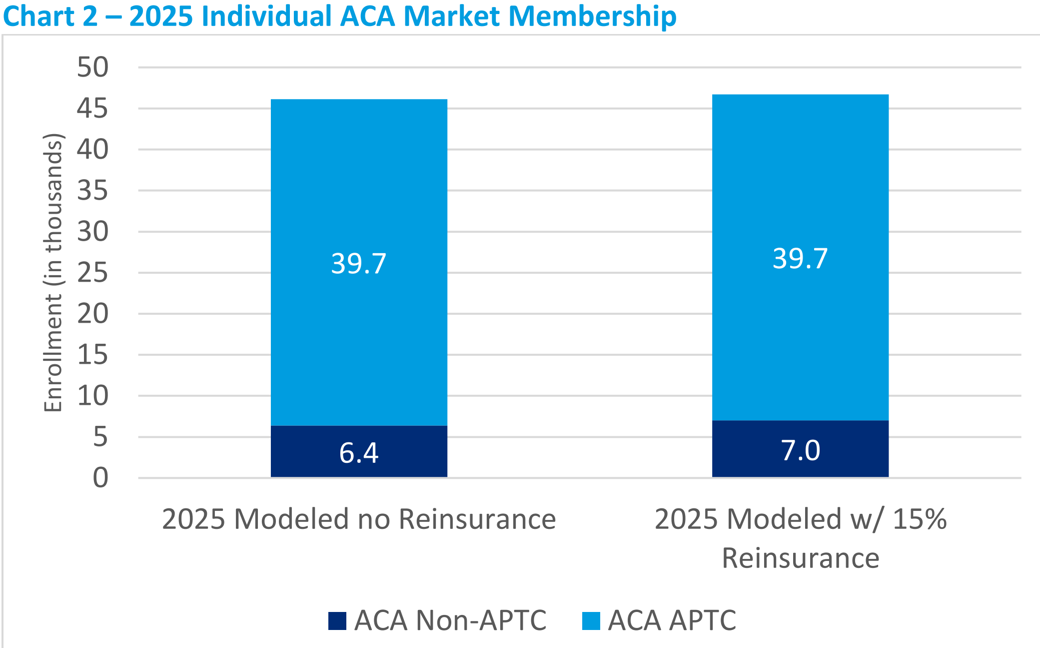


Chart 2 above demonstrates how enrollment in Delaware's Individual ACA market would be expected to change assuming a reinsurance program resulting in a total reduction to premium rates equal to 15.3%, were in place in 2025. As shown, the impact of the reinsurance program on enrollees receiving APTCs in 2025 is expected to be minimal as the net premium rates paid by those enrollees (i.e., net of APTCs) are, on average, mostly insulated from changes in gross premium rates. On the other hand, the volume of enrollees who do not receive APTCs is expected to be higher, driven by lower premium rates due to the presence of the reinsurance program.

We note that, in the reinsurance scenario shown, it is being assumed that issuers will reduce their 2025 premium rates from the levels assumed if there were no reinsurance program, plus an additional amount equal to 0.3% to reflect an expected improvement in the average morbidity[4] of the Individual ACA market, for a total average reduction in premium rates equal to 15.3%.

Table 1 – Net Cost of Reinsurance Program to the State of Delaware

(in millions)	2025 Modeled no Reinsurance	2025 Modeled w/ 15% Reinsurance	
Reinsurance Pool Cost	-	$94.8	A
Federal PTC Spending	$343.7	$270.5	
Gross Pass-Through Savings	-	$73.2	B
Federal Revenue from Exchange User Fees	$10.2	$8.5	
Change in Exchange User Fees	-	-$1.7	C
Net Cost to the State of Delaware	-	$23.3	= A - (B+C)

As shown in Table 1 above, the total projected cost (i.e., "Reinsurance Pool Cost") of a reinsurance program that would reimburse issuer expenses in Delaware's Individual ACA market in 2025 such that they would be expected to reduce their premium rates by 15.3% is approximately $94.8 million.[5] However, through the submission and approval of the extension of the Section 1332 waiver, much of the funding needed for the reinsurance program would be expected to be received in the form of federal pass-through payments, resulting in a net cost to Delaware which is significantly lower than $94.8 million.

Since the proposed reinsurance program is expected to result in a significant decrease in gross premium rates (i.e., premium rates prior to the application of APTCs) for all individuals enrolled in Individual ACA plans, federal spending on PTCs would be expected to decrease by a significant amount as well. Overall, we are projecting that federal PTC spending will decrease by approximately $73.2 million between the 2025 modeled scenarios with no reinsurance program and with a reinsurance program.

The federal PTC savings would be expected to be somewhat offset by a reduction in federal revenue generated from Exchange User Fees. This is because, as Individual Exchange premium rates are lowered through the reinsurance program, federal revenue generated by the 2.20% user fee on coverage issued through the federally-facilitated marketplace would be expected to decrease as well. The reduction in Exchange User Fees between the 2025 scenarios with no reinsurance program and with a 15% reinsurance program is expected to equal approximately $1.7 million, resulting in expected net federal pass-through payments to Delaware equal to approximately $71.5 million (i.e., $73.2M – $1.7M).

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[4] On average, the additional individuals who enroll with a 15% reinsurance program would be expected to have lower health risks than those individuals included in the scenario without a reinsurance program.

[5] Includes the impact of morbidity improvement; excludes costs associated with the implementation and ongoing administration of the reinsurance program.

Based on the above, the expected net liability to Delaware in order to fund a reinsurance program that reimburses issuer expenses in Delaware's Individual ACA market in 2025 such that they would be expected to reduce their premium rates by an average of 15.3% is projected to be approximately $23.3 million (i.e., $94.8M – $71.5M).

C. Anticipated Program Changes if Enhanced and Expanded APTCs are Extended

The American Rescue Plan Act (ARPA) was enacted on March 11, 2021 and helped make coverage more affordable for thousands of Delawareans in 2021 by increasing the level of APTCs available to those households that were already eligible for APTCs, and expanded APTCs to most households with incomes above 400% FPL for the first time. These additional and expanded ATPCs were extended an additional three years as part of the Inflation Reduction Act (IRA) However, under current law these additional and expanded APTCs are temporary and are scheduled to end after 2025.

The State's proposed reinsurance program is projected to result in an average 8.4% reduction in premium rates for calendar years 2026 through 2029 and was developed under current law. Should Congress pass and the President sign legislation that extends or makes permanent additional and expanded APTCs similar to those made available under ARPA and extended under the IRA, the State anticipates increasing the size of its reinsurance program such that the reinsurance program would instead be projected to result in an average reduction in premium rates of approximately 15.3%, similar to the estimated reduction in calendar year 2025.

Section 4: Evidence of Sufficient Authority Under State Law

Evidence of sufficient authority under state law(s) in order to meet the ACA section 1332(b)(2)(A) requirement for purposes of pursuing the requested extension.

As discussed earlier, Senate Concurrent Resolution 70 (SCR 70) was passed on June 28, 2018, and authorized the State's Section 1332 waiver application. The establishment of a state-based reinsurance program and the securement of a funding source for that reinsurance program was established in the Delaware Health Insurance Individual Market Stabilization and Reinsurance Program Assessment (18 Del. C. §8703), which was passed on June 20, 2019.

Further, the DHCC was created by 16 Del. C. §9902. Per 18 Del. C. §8703, the DHCC is charged with the following responsibilities associated with the operation of the reinsurance program.

1. Provide reinsurance to issuers that offer individual health benefit plans[6] in the State.
2. Establish procedures for the handling and accounting of program assets and monies, as well as for an annual fiscal reporting to the Commission, Insurance Commissioner and General Assembly.
3. Annually establish procedures and parameters for reinsuring risks, including all of the following: an attachment point, a coinsurance rate, and a coinsurance cap.
4. Establishing procedures and standards for issuers to submit claims to be reinsured under the program.
5. Establishing procedures for selecting an administering contractor and setting forth the power and duties of the administering contractor.
6. Establishing procedures for quarterly reporting or annual reporting, or both, of data under the §1332 waiver to demonstrate that the waiver remains in compliance with the scope of coverage, affordability, comprehensiveness, and deficit requirements.

[6] Any policy offered in the Delaware's Individual market that is subject to the single risk pool requirements of § 1312(c)(1) of the Affordable Care Act.

7. Establishing procedures for providing each year the actual Second Lowest Cost Silver Plan premium under the Affordable Health Care Act’s [42 U.S.C. §18001 et seq.] §1332 waiver and an estimate of the premium as it would have been without the waiver.
8. Providing for any additional matters necessary for the implementation and administration of the reinsurance program.

Section 5: Stakeholder Engagement and Tribal Consultation

An explanation and evidence of the process to ensure meaningful public input on the extension request, which must include:

a. For a state with one or more Federally-recognized Indian tribes within its borders, providing a separate process for meaningful consultation with such tribes, and providing written evidence of the state’s compliance with this requirement;
b. Publicly posting the submitted LOI on the state’s website to ensure that the public is aware that the state is contemplating a waiver extension request; and
c. Publicly posting the waiver extension application on the state’s website upon its submission of the waiver extension application to the Departments.

The state does not have to meet all of the public notice requirements specified for new waiver applications in 31 C.F.R. § 33.112 and 45 C.F.R. § 155.1312 (e.g., holding two public hearings and providing a 30-day comment period) to fulfill paragraph (5) above. However, the state must ensure and demonstrate there was an opportunity for meaningful public input on the extension request. For example, the state may choose to hold one public hearing or provide an amended or shorter comment period, or some combination of both. If the state holds one public hearing, it can use its annual public forum for the dual purposes of gathering input on the existing waiver as well as the extension application request.

A. Public Input

On March 12, 2024, the Delaware DHSS commenced public comment on this waiver extension request. The Delaware DHSS posted notice of the opportunity to comment on a Delaware DHSS webpage at https://dhss.delaware.gov/dhss/dhcc/reinsur1332waiver.html . Notices were issued for the public hearing to local newspaper publications.

On March 21, 2024, a public meeting was held at the Dover office located at 1351 W. North St., Suite 101, Dover, DE 19904. No one attended the public meeting in person and one person, Lisa Gruss with the Medical Society of Delaware, attended virtually.

No comments were received, either electronically or during the public meeting, throughout the public comment period.

B. Tribal Consultation

The State of Delaware does not have any Federally recognized tribes within its borders, and thus, has not established a separate process for meaningful consultation with any tribes with respect to this 1332 waiver extension application.

Attachment 1: Actuarial Report

DELAWARE SECTION 1332 STATE INNOVATION WAIVER EXTENSION

Actuarial Analysis

April 2, 2024

A business of Marsh McLennan

Contents

1. Introduction

The State of Delaware (the State) believes that a sustainable, affordable Individual market for health insurance is important, and Delaware's Individual market has grown significantly since the initial implementation of its reinsurance program in 2020. The State believes that an effective mechanism to help sustain an affordable Individual market is through the continuation of the state-based reinsurance program. The current Delaware reinsurance program utilizes an attachment-point model of reinsurance, financed in part by a premium assessment on health insurance issuers. The program has reduced health insurance rates in the Individual ACA market in the State over the period of 2020 through 2024 by approximately 15%, relative to what they would have been without the program.

In March 2021, the United States Congress passed H.R. 1319 (The American Rescue Plan Act) which significantly increased federal premium subsidies available to individuals and families purchasing coverage through the Exchange. These enhanced subsidies were extended through calendar year 2025 under the Inflation Reduction Act (IRA), which was signed by President Biden in August of 2022. Under current law, these enhanced subsidies are scheduled to sunset at the end of 2025, returning to levels outlined in the Affordable Care Act (ACA).

Additionally, after the expiration of the public health emergency (PHE) put in place as a result of the COVID-19 pandemic, shifts in enrollment from populations previously covered by Medicaid to the Individual ACA market in Delaware are expected. Oliver Wyman estimates that approximately 7,700 individuals who are no longer eligible for Medicaid or Children Health Insurance Program (CHIP) coverage are expected to enroll in Delaware's Individual ACA market since the redeterminations began through the end of 2024.

In an effort to continue to address the affordability of health insurance for Delawareans and avoid market disruptions, the State is seeking to extend its current State Innovation Waiver which was authorized under Section 1332 of the Affordable Care Act (Section 1332 Waiver) for the period January 1, 2020 through December 31, 2024, and established a state-based and state-administered reinsurance program. Specifically, the State is proposing to extend the waiver under 45 CFR 155.1332 and continue waiving §1312(c)(1)[1] of the Affordable Care Act from January 1, 2025 through December 31, 2029. The goal of the Section 1332 Waiver extension will be to continue to lower gross premium rates and increase access to more affordable coverage for unsubsidized and under-subsidized populations which would incentivize individuals to join or remain enrolled in the Individual ACA market.

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman), was retained by the State of Delaware to perform the actuarial and economic analysis related to the State's proposed waiver extension. As directed under 45 CFR 155.1308(f)(4)(i)-(iii), the Centers for Medicare and Medicaid Services (CMS) regulations require that states include as part of a Section 1332 Waiver application actuarial and economic analyses, along with actuarial certifications and the data and assumptions used. It is Oliver Wyman's understanding that these same requirements apply to the application for a waiver extension. Oliver Wyman understands that this report will be made public and included by the State of Delaware in its application to CMS for an extension of its current 1332 Waiver. The purpose of this report is to provide the required actuarial and economic analysis, and demonstrate that the waiver extension will satisfy the following requirements:

[1] §1312(c)(1) states that "A health insurance issuer shall consider all enrollees in all health plans (other than grandfathered health plans) offered by such issuer in the Individual market, including those enrollees who do not enroll in such plans through the Exchange, to be members of a single risk pool."

- **Scope of Coverage:** Coverage under the Section 1332 Waiver extension will be provided to a comparable number of residents as would be provided absent the waiver extension
- **Affordability of Coverage:** The Section 1332 Waiver extension will provide coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided absent the waiver extension
- **Comprehensiveness of Coverage:** The Section 1332 Waiver extension will provide coverage that is at least as comprehensive as would be provided absent the waiver extension
- **Deficit Neutrality:** The Section 1332 Waiver extension will not increase the Federal deficit

This report provides the required actuarial and economic analyses, as well as the actuarial certifications, necessary to support that the proposed Section 1332 Waiver extension is expected to satisfy these requirements. Additionally, this report outlines the data, assumptions and methodology used to generate the actuarial and economic projections that result from our analysis. Any other use of this report may be inappropriate and is prohibited by Oliver Wyman.

2. Overview of State-Based Reinsurance Program

The State is submitting an application for an extension of its previously approved Section 1332 Waiver that put in place a state-based and state-administered reinsurance program to help improve the affordability of premium rates in Delaware's Individual ACA market. Under the State's Section 1332 Waiver, a reinsurance program was established for plan years 2020 through 2024. In 2024, the funding for the reinsurance program was set to support a program that had the objective of reducing gross premium rates (i.e., premium rates prior to the application of premium tax credits) in the Individual ACA market by an average of 15.3%, relative to the premium rates which would otherwise be charged if no reinsurance program were in place.

In this section, we provide the estimated cost of the reinsurance program, describe how the reinsurance program is expected to be funded, provide the preliminary reinsurance parameters anticipated to be utilized to determine payments from the State to issuers, and provide the impact the reinsurance program is expected to have on premium rates in the Individual ACA market. As enrollment volumes, claim costs, and available funding amounts change over the time period during which the proposed Section 1332 Waiver extension will be in effect, it is expected that items such as the reinsurance parameters will be adjusted, as necessary, by the State to ensure the reinsurance program remains fully funded (net of federal pass-through funding) and, to the extent possible, continues to target the State's overall objective for each plan year (i.e., stability from year to year in the reduction in gross premium rates in the Individual ACA market relative to the premium rates which would otherwise be charged if no reinsurance program was in place).

Cost and Funding of the State-Based Reinsurance Program in 2025

Based on issuers' rate filings for the 2024 plan year and Oliver Wyman's estimates, the reinsurance program had the effect of reducing premiums on average by 15.3% in 2024, and the net-cost to the State is projected to be $22.9 million. The State's objective with this waiver extension is to set the parameters for the program such that it has the effect of materially reducing gross premium rates in the market while maintaining a consistent net-cost to the state (i.e., in future years as in recent prior years). Overall, we estimate that a reinsurance program that has a net cost to the State of $23 million in 2025 will have a similar effect on premium rates for 2025 as in 2024 (i.e., reducing gross premium rates in the Individual ACA market by an average of approximately 15.3% relative to the premium rates that would otherwise be charged if no reinsurance program were in place). This estimate was developed based on projected enrollment, premium, claims, non-benefit expenses, and expected reinsurance parameters in the Individual ACA market for 2025. In developing the estimate, it was assumed that issuer claim expenses in 2025 on a per member per month (PMPM) basis will be equal to 2023 claim expenses on a PMPM basis, trended to 2025. Then, based on feedback received from each issuer offering coverage in Delaware's Individual ACA market in 2024 related to fixed non-benefit expenses and the reductions in claim expenses needed to drive various levels of premium rate changes, we estimated the reduction in issuer claim expenses that would be needed to accomplish Delaware's stated objective for 2025. In doing so we account for the change in morbidity expected to occur in 2025 under the proposed Section 1332 Waiver extension (i.e., as a result of increased enrollment due to lower premium rates in 2025 with the reinsurance program in place relative to without the reinsurance program), the total projected cost of the program was calculated as follows:

***Projected 2025 Cost of Delaware Reinsurance Program** = Projected 2025 Claims Volume x Target Reduction in Issuer Claims Expense*

*Where Projected 2025 Claims Volume = 2023 Claims PMPM in the Individual ACA market * 12 * Claims Trend from 2023 to 2025 * Estimated 2025 Enrollment in Individual ACA market*

Funding for the reinsurance program in 2025 is expected to come from the following sources:

1. Federal pass-through funds received as a result of the Section 1332 Waiver extension,
2. A premium assessment to be applied to issuer premium amounts for certain lines of business.

Regarding the first item, through its Section 1332 Waiver extension application, the State is requesting that the U.S. Department of Treasury (Treasury) "pass-through" to its reinsurance program the cost savings from the reduction of federal outlays for premium tax credits (PTCs) resulting from the reduction in gross premium rates in the Individual ACA market due to the reinsurance program. Section 1332(a)(3) of the ACA authorizes pass-through funding under Section 1332 Waivers.

Correspondingly, HB 193 was signed into law on June 20, 2019 and authorizes the Delaware Insurance Commissioner, to assess issuers to finance the State's portion of the cost of the proposed reinsurance program (i.e., the cost which is not financed through federal pass-through funds). The assessment is to be applied to issuers based upon their premium tax liability, or the amount of the issuer's premium tax exemption value, for the previous plan year for certain lines of business. The assessment was 2.75% in 2024 and that amount is projected to remain the same for calendar years 2025 through 2029 in our analysis. The intent of the assessment is to fully finance the State's liability related to the reinsurance program. According to HB 193, the State of Delaware may not hold more than 5 years of operating and administrative funds needed to cover the expected cost of the reinsurance program. In the event collections exceed that amount, the state must notify issuers that the following year's assessment will be waived.

Estimated 2025 Reinsurance Parameters and Payment Calculation

Delaware's reinsurance program will reimburse issuers for a portion of high dollar claim expenses occurring between a specified attachment point and reinsurance cap, while maintaining an incentive for issuers to continue applying their care management practices for their high-cost claimants.

Table 1 provides preliminary reinsurance parameters for 2025 which are based on those that were in effect in 2024:

Table 1: Preliminary 2025 Reinsurance Parameters

Parameter	Value
Attachment Point	$65,000
Reinsurance Cap	$340,000
Coinsurance %	78.0%

These parameters were estimated using historical issuer provided claims data, adjusted to reflect projected plan year cost levels. Additionally, issuer feedback was obtained to assess the reasonability of the resulting parameters.

Utilizing the parameters outlined in Table 1, reinsurance payments would be calculated based on an issuer's annual paid claim expenses for a given member as follows[2]:

> *2025 Reinsurance Payment for ACA Member$_i$ = Maximum [Minimum [Member$_i$ Annual Paid Claim Expense, $340,000] - $65,000, $0] x 78.0%*

In Table 2 below, we provide a summary of the expected distribution of members, claims and average claim cost on per member per year (PMPY) basis by annual claim size to which the parameters outlined in Table 1 are expected to apply:

Table 2: Projected Distribution of Individual ACA Incurred Claims Expenses

Annual Incurred Claims	% of Members	% of Claims	Average Claim Cost PMPY
$0 to $64,999	97.6%	50.8%	$4,233
$65,000 to $339,999	2.2%	34.8%	$128,931
$340,000+	0.2%	14.4%	$589,188

In utilizing the specified parameters, it is expected that issuers will continue to have incentives to apply their care management practices even after a given member reaches the specified annual attachment point, since issuers will be reimbursed for only a portion of a given member's claim costs between the attachment point and reinsurance cap.

Estimated Premium Impact of State-Based Reinsurance Program

As noted earlier, a primary objective of the reinsurance program is to materially reduce gross premium rates in the Individual ACA market and the program is projected to have an impact of approximately 15.3% in 2025, relative to the premium rates which would otherwise be charged if no reinsurance program were in place. To the extent gross premium rates are reduced, enrollment levels in the Individual ACA market are expected to increase, leading to an improvement in the overall morbidity of Delaware's Individual ACA market. We estimate that the morbidity improvement as a result of the proposed Section 1332 Waiver extension will be approximately 0.3% in 2025 based on modeling and issuer feedback. This morbidity improvement is included in the estimated 15.3% premium reduction.

Regarding future years (i.e., 2026 through 2029), we note that the American Rescue Plan Act (ARPA) was enacted on March 11, 2021 and helped make coverage more affordable for thousands of Delawareans in 2021 and 2022 by increasing the level of advance premium tax credits (APTCs) available to those households that were already eligible for APTCs, and expanded APTCs to most households with incomes above 400% FPL for the first time. These additional and expanded ATPCs were extended an additional three years as part of the IRA. However, under current law these additional and expanded APTCs are temporary and are scheduled to end after 2025. The end of the enhanced tax credits will reduce the amount of pass-through funds the State is projected to receive. In order to keep the net cost to the State more consistent across all projected years,

[2] Paid by the issuer; includes medical and pharmacy claims

currently, the State's proposed reinsurance program is projected to change from having a 15.3% impact on gross premium rates for calendar year 2025 to having an 8.4% impact for calendar years 2026 through 2029. However, should Congress pass and the President sign legislation that extends or makes permanent additional and expanded APTCs similar to those made available under ARPA and the IRA, the State anticipates adjusting the size of its reinsurance program such that the program would instead be projected to result in an average reduction in gross premium rates of approximately 15.3% for calendar years 2026 through 2029, similar to the estimated reduction for calendar year 2025.

3. Actuarial and Economic Analyses

Actuarial analyses meeting the requirements under 45 CFR 155.1308(f)(4)(i) and economic analysis meeting the requirements under 45 CFR 155.1308(f)(4)(ii) are provided in this section.[3] Oliver Wyman's Healthcare Reform Microsimulation Model (HRM Model) was utilized to estimate the expected impact of the proposed Section 1332 Waiver extension on the health insurance markets in Delaware, and in meeting each of the guardrails associated with Section 1332 Waivers as outlined in federal statute and regulation.

The HRM Model is an economic utility model that captures the flow of individuals across various markets and coverage options based on their economic purchasing decisions. It is integrated with actuarial modeling designed to assess the expected impact of various reforms on the health insurance markets. Appendix A provides additional information about the specifications and functionality underlying the HRM Model.

The projections produced by the HRM Model were analyzed to assess whether the following federal requirements are expected to be met under the proposed Section 1332 Waiver extension:

- **Scope of Coverage Requirement** – The Section 1332 Waiver extension will provide coverage to at least a comparable number of the State's residents as would be covered absent the waiver extension.
- **Affordability Requirement** – The Section 1332 Waiver extension will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for the State's residents as would be provided absent the waiver extension.
- **Comprehensiveness of Coverage Requirement** – The Section 1332 Waiver extension will provide coverage that is at least as comprehensive for the State's residents as would be provided absent the waiver extension.
- **Deficit Neutrality Requirement** – The Section 1332 Waiver extension will not increase the federal deficit.

Table 3 summarizes at a high level the expected impact of the proposed Section 1332 Waiver extension as it relates to these requirements. Our analyses show that the proposed Section 1332 Waiver extension is expected to meet these requirements in 2025 and each following year for the five-year period ending in 2029. A more detailed discussion of the results as they relate to these requirements follows.

Table 3: Summarized Expected Impact of the Proposed Section 1332 Waiver Extension

Requirement	Impact of Proposed Section 1332 Waiver Extension
Scope of Coverage	The number of individuals covered in the Delaware health insurance markets is expected to increase
Affordability of Coverage	Gross premium rates in the Individual ACA market are expected to decrease while other out-of-pocket expenses are not expected to change
Comprehensiveness of Coverage	Not impacted by the proposed Section 1332 Waiver extension
Deficit Neutrality	The federal deficit is not expected to increase

[3] https://www.govinfo.gov/content/pkg/FR-2021-09-27/pdf/2021-20509.pdf

Scope of Coverage

Under the scope of coverage requirement, a comparable number of residents must be expected to have coverage under the proposed Section 1332 Waiver extension as would have coverage absent the waiver extension.[4] For this purpose, "coverage" refers to minimum essential coverage as defined in 26 U.S.C. 5000A(f) and 26 CFR 1.5000A-2, and health insurance coverage as defined in 45 CFR 144.103. In assessing this requirement, we estimate that the proposed Section 1332 Waiver extension will not have a material impact on the number of Delawareans covered under employer-sponsored plans, Medicaid, Medicare, CHIP, and other public programs. As a result, the focus of our analysis is on the impact of the proposed Section 1332 Waiver extension to Delaware's Individual ACA market.

Table 4 summarizes the projected average volume of Individual ACA market enrollees and uninsured individuals in Delaware by year under the baseline and waiver scenarios, assuming gross premium rates in the Individual ACA market are reduced under the waiver scenario by an average of approximately 15.3% in 2025 and by 8.4% in 2026 through 2029 (i.e., relative to the premium rates which would otherwise be charged if no reinsurance program were in place). Both the baseline and waiver scenarios reflect expected increases in Individual ACA enrollment in 2025 as a result of the unwinding of the Medicaid continuous enrollment provision initially put in place under the Public Health Emergency (PHE).[5]

Table 4: Summary of Average Individual ACA Market Enrollment and Uninsured Volumes

	Individual ACA Market			Uninsured		
Year	Baseline	Waiver	Change vs. Baseline	Baseline	Waiver	Change vs. Baseline
2025	46,100	46,700	1.3%	59,900	59,300	-1.0%
2026	38,600	39,300	1.8%	60,800	60,100	-1.2%
2027	39,100	39,800	1.8%	61,600	60,900	-1.1%
2028	39,600	40,300	1.8%	62,400	61,700	-1.1%
2029	40,100	40,900	2.0%	63,300	62,500	-1.3%

Note: Enrollment values shown have been rounded to the nearest hundred

Absent the proposed Section 1332 Waiver extension and corresponding reinsurance program, total enrollment volumes in the baseline scenario in Delaware's Individual ACA market are expected to decrease by approximately 16.3% from 2025 to 2026, due primarily to the scheduled termination of enhanced premium tax credits available under the IRA. Under the proposed Section 1332 Waiver extension, enrollment in the Individual ACA market is expected to be approximately 1.3% to 2.0% higher than baseline enrollment levels each year over the time period of 2025 through 2029. The increase in enrollment under the proposed Section 1332 Waiver extension is driven primarily by uninsured individuals who are expected to enter the Individual ACA market as a result of lower gross premium rates with the reinsurance program in place.[6]

[4] 45 CFR 155.1308(f)(3)(iv)(C)

[5] As part of the Consolidated Appropriations Act of 2023, signed into law on December 29, 2022, Congress delinked the continuous enrollment provision from the PHE, ending continuous enrollment requirements on March 31, 2023. Delaware anticipates completing redeterminations for all Medicaid enrollees by March 31, 2024.

[6] While there may be some migration of enrollees from the employer market to the Individual ACA market, based on our modeling, we expect any migration from the employer market as a result of the waiver to be *de minimis.*

Overall, our modeling shows it is expected that the new enrollees who enter the ACA market in 2025 and later due to the presence of the proposed reinsurance program will, on average, have slightly lower health expenses on a PMPM basis when compared to the individuals who would be expected to enroll in Individual ACA plans regardless of the presence of the reinsurance program. As noted earlier, the impact of the new enrollees on the overall morbidity of Delaware's Individual ACA market is expected to be approximately 0.3% in 2025 and 0.4% in 2026 through 2029.

Individual ACA Market Enrollment by Household Income

Table 4a presents projected enrollment levels in the Individual ACA market by household income over the waiver extension time period of 2025 through 2029 assuming gross premium rates in the Individual ACA market are reduced under the waiver scenario by an average of approximately 15.3% in 2025 and 8.4% in 2026 through 2029 relative to the premium rates which would otherwise be charged if no reinsurance program were in place. For this comparison, household income is measured as a percentage of the federal poverty level (FPL).

Table 4a: Summary of Average Individual ACA Market Enrollment by FPL

Baseline					
Income Range	**2025**	**2026**	**2027**	**2028**	**2029**
< 150%	3,800	3,400	3,400	3,500	3,500
151% - 200%	7,400	5,200	5,300	5,400	5,400
201% - 250%	7,700	6,100	6,200	6,300	6,400
251% - 300%	5,100	4,200	4,300	4,400	4,400
301% - 400%	6,800	6,500	6,600	6,600	6,700
401%+	15,300	13,200	13,300	13,400	13,700
Total ACA	**46,100**	**38,600**	**39,100**	**39,600**	**40,100**
Waiver					
Income Range	**2025**	**2026**	**2027**	**2028**	**2029**
< 150%	3,800	3,400	3,400	3,500	3,500
151% - 200%	7,400	5,200	5,300	5,400	5,400
201% - 250%	7,700	6,100	6,200	6,300	6,400
251% - 300%	5,100	4,200	4,300	4,400	4,400
301% - 400%	6,800	6,500	6,600	6,600	6,700
401%+	15,900	13,900	14,000	14,100	14,500
Total ACA	**46,700**	**39,300**	**39,800**	**40,300**	**40,900**
Baseline to Waiver					
Income Range	**2025**	**2026**	**2027**	**2028**	**2029**
< 150%	0	0	0	0	0
151% - 200%	0	0	0	0	0
201% - 250%	0	0	0	0	0
251% - 300%	0	0	0	0	0
301% - 400%	0	0	0	0	0
401%+	600	700	700	700	800
Total Change	**600**	**700**	**700**	**700**	**800**

Note: Values shown have been rounded to the nearest hundred

Individual ACA Market Enrollment by Metal Level

Table 4b presents projected enrollment levels in the Individual ACA market by metal level over the waiver extension time period of 2025 through 2029 assuming gross premium rates in the Individual ACA market are reduced under the waiver scenario by an average of approximately 15.3% in 2025 and 8.4% in 2026 through 2029 relative to the premium rates which would otherwise be charged if no reinsurance program were in place.

Table 4b: Summary of Average Individual ACA Market Enrollment by Metal Level

Baseline					
Metal Level	**2025**	**2026**	**2027**	**2028**	**2029**
Catastrophic	100	300	300	300	300
Bronze	11,700	10,700	10,800	11,000	11,100
Silver	10,600	7,100	7,200	7,300	7,400
Gold	22,600	19,100	19,300	19,600	19,800
Platinum	1,100	1,400	1,500	1,400	1,500
Total ACA	**46,100**	**38,600**	**39,100**	**39,600**	**40,100**

Waiver					
Metal Level	**2025**	**2026**	**2027**	**2028**	**2029**
Catastrophic	200	300	300	300	300
Bronze	11,900	10,900	11,100	11,200	11,300
Silver	10,600	7,200	7,200	7,300	7,400
Gold	22,900	19,400	19,700	19,900	20,200
Platinum	1,100	1,500	1,500	1,600	1,700
Total ACA	**46,700**	**39,300**	**39,800**	**40,300**	**40,900**

Baseline to Waiver					
Metal Level	**2025**	**2026**	**2027**	**2028**	**2029**
Catastrophic	100	0	0	0	0
Bronze	200	200	300	200	200
Silver	0	100	0	0	0
Gold	300	300	400	300	400
Platinum	0	100	0	200	200
Total ACA	**600**	**700**	**700**	**700**	**800**

Note: Values shown have been rounded to the nearest hundred

As shown in Table 4b, at lower gross premium rates with the reinsurance program in place, the most growth is expected in the Bronze and Gold metal levels.

Individual ACA Market Enrollment by Age

Table 4c presents projected enrollment levels in the Individual ACA market by age over the waiver extension time period of 2025 to 2029 assuming gross premium rates in the Individual ACA market are reduced under the waiver scenario by an average of approximately 15.3% in 2025 and 8.4% in 2026 through 2029 relative to the premium rates which would otherwise be charged if no reinsurance program were in place. The distribution of Individual ACA enrollment by age is not expected to shift significantly under the proposed Section 1332 Waiver extension, relative to the baseline.

Table 4c: Summary of Average Individual ACA Market Enrollment by Age

Baseline					
Age Range	**2025**	**2026**	**2027**	**2028**	**2029**
0-17	5,600	5,400	5,500	5,600	5,600
18-25	5,100	2,800	2,900	2,900	2,900
26-34	5,400	4,500	4,600	4,600	4,700
35-44	6,200	5,500	5,600	5,700	5,800
45-54	7,100	6,900	7,000	7,000	7,100
55+	16,700	13,500	13,500	13,800	14,000
Total ACA	**46,100**	**38,600**	**39,100**	**39,600**	**40,100**
Waiver					
Age Range	**2025**	**2026**	**2027**	**2028**	**2029**
0-17	5,700	5,700	5,700	5,800	5,800
18-25	5,100	2,800	2,900	2,900	2,900
26-34	5,400	4,600	4,700	4,700	4,800
35-44	6,300	5,600	5,700	5,800	5,800
45-54	7,200	7,100	7,200	7,300	7,400
55+	17,000	13,500	13,600	13,800	14,200
Total ACA	**46,700**	**39,300**	**39,800**	**40,300**	**40,900**
Baseline to Waiver					
Age Range	**2025**	**2026**	**2027**	**2028**	**2029**
0-17	100	300	200	200	200
18-25	0	0	0	0	0
26-34	0	100	100	100	100
35-44	100	100	100	100	0
45-54	100	200	200	300	300
55+	300	0	100	0	200
Total ACA	**600**	**700**	**700**	**700**	**800**

Note: Values shown have been rounded to the nearest hundred

Affordability of Coverage

Under the affordability requirement, Delawareans must retain health care coverage which is at least as affordable as would be absent the waiver extension.[7] For this purpose, affordability refers to the ability of state residents to pay for health care and is measured by comparing their net out-of-pocket spending for health coverage and services to their incomes. Out-of-pocket expenses are assumed to include premium contributions and any plan level cost-sharing that is the responsibility of the individual.

As with the scope of coverage requirement, in assessing this requirement, we estimate that the proposed Section 1332 Waiver extension will not have a material impact on the affordability of coverage for those individuals enrolled in employer-sponsored plans, Medicaid, Medicare, CHIP or any other public programs. As a result, the focus of our analysis is again on the impact of the proposed Section 1332 Waiver extension on out-of-pocket expenses in Delaware's Individual ACA market. Additionally, since the proposed Section 1332 Waiver extension does not directly impact member plan level cost-sharing (i.e., members will be able to purchase plans with comparable benefit cost sharing as those plans in which they are currently enrolled), the focus of the affordability requirement is further centered on changes in net premium rates.

[7] 45 CFR 155.1308(f)(3)(iv)(B)

Under the proposed Section 1332 Waiver extension it is expected that gross premium rates in the Individual ACA market will decrease. Total out-of-pocket costs for enrollees who receive PTCs under both the baseline and the Section 1332 Waiver extension, including those with high expected health care costs, will not change for the subsidy benchmark plan (i.e., the second lowest cost silver plan) as their premium rate for that plan will continue to be capped at the applicable maximum percentage of household income they are required to pay under the ACA. For enrollees who do not receive PTCs or for enrollees who currently receive PTCs but who would no longer receive PTCs under the proposed Section 1332 Waiver extension (due to their gross premium rates decreasing below what their premium rate net of PTCs would otherwise be), including those with high expected health care costs, the proposed reinsurance program will result in an improvement in the overall affordability of health coverage relative to the baseline scenario.

While the overall average gross premium rates are expected to decrease by 15.3% in 2025 and 8.4% in 2026 through 2029, based on feedback received from carriers in the market and our projections of carrier positioning, the gross premium rates for the second lowest cost silver plans in Delaware's Individual ACA market are expected to decrease, on average, by approximately 17.9% in 2025 and 11.1% in in 2026 through 2029 due to the reinsurance program under the proposed Section 1332 Waiver extension (i.e., relative to the baseline in which no reinsurance program is in place, see Table 5 for additional details). It is important to note, however, that the actual change in premium rates under the Section 1332 Waiver extension will vary by issuer, depending upon each issuer's specific claim cost distribution as well as fixed non-benefit expenses.

Table 5 presents estimates of the average second lowest cost silver plan monthly premium rates offered through the Exchange for a single, 21-year-old, non-tobacco user in Delaware by county under both the baseline and waiver scenarios. There is only one rating area in Delaware and all carriers offer the same plans across all counties, so the rate information is the same across all counties.

Table 5: Estimated Second Lowest Cost Silver ACA Premium Rate by County
21-Year-Old, Non-Tobacco User

Baseline					
County	**2025**	**2026**	**2027**	**2028**	**2029**
Kent	$543	$581	$622	$666	$712
New Castle	$543	$581	$622	$666	$712
Sussex	$543	$581	$622	$666	$712
Waiver					
County	**2025**	**2026**	**2027**	**2028**	**2029**
Kent	$446	$517	$553	$591	$633
New Castle	$446	$517	$553	$591	$633
Sussex	$446	$517	$553	$591	$633
Baseline to Waiver					
County	**2025**	**2026**	**2027**	**2028**	**2029**
Kent	-17.9%	-11.1%	-11.1%	-11.1%	-11.1%
New Castle	-17.9%	-11.1%	-11.1%	-11.1%	-11.1%
Sussex	-17.9%	-11.1%	-11.1%	-11.1%	-11.1%

Note: Values shown have been rounded to the nearest dollar

Due to the application of the specified age curve for ACA rating purposes, a similar percentage premium change would be expected to occur for all other ages, although all else equal, the premium difference would generally be expected to be greater than that shown above for enrollees who are older than 24 and less than that shown above for enrollees who are younger than 21.[8]

Comprehensiveness of Coverage Requirement

Under the comprehensiveness of coverage requirement, health care coverage under the proposed Section 1332 Waiver extension must be forecast to be at least as comprehensive overall for Delaware residents as coverage absent the waiver extension.[9] Comprehensiveness refers to coverage requirements for ACA essential health benefits (EHBs) and, as appropriate, Medicaid and CHIP standards. The proposed Section 1332 Waiver extension does not impact the scope of services covered by issuers in the commercial markets or the scope of services covered by the Medicaid or CHIP programs. Therefore, the proposed Section 1332 Waiver extension is expected to have no impact on the comprehensiveness of coverage available to Delaware residents.

Economic Analysis and Deficit Neutrality

Under the deficit neutrality requirement, projected federal spending, net of federal revenues, under the proposed Section 1332 Waiver extension must be equal to or lower than projected federal spending net of federal revenues in the absence of the waiver extension.[10]

The proposed Section 1332 Waiver extension was analyzed to determine its expected impact on costs associated with PTCs. Table 6 summarizes the expected impact of the proposed Section 1332 Waiver extension on the federal deficit for each year from 2025 through 2029 assuming gross premium rates in the Individual ACA market are reduced under the waiver scenario relative to the premium rates which would otherwise be charged if no reinsurance program were in place. A detailed discussion of these items, as well as a discussion of other items considered in determining the impact to the federal deficit, follows.

Table 6: Impact of the Proposed Section 1332 Waiver Extension on the Federal Deficit

(Amounts shown in millions)

	A	B	C	D	A - B - C - D
Year	Change in PTCs	Change in User Fees	Change in Shared Responsibility Payments	Change in Health Insurance Provider Fees	Change in Federal Deficit
2025	($73)	($2)	$0	$0	($72)
2026	($30)	($1)	$0	$0	($29)
2027	($33)	($1)	$0	$0	($33)
2028	($37)	($1)	$0	$0	($36)
2029	($42)	($1)	$0	$0	($41)

Note: PTCs are considered expenditures for the federal government whereas User Fees, Shared Responsibility Payments, and Health Insurance Providers Fees are considered revenue sources for the federal government. Therefore, a reduction in PTCs will decrease the federal deficit whereas a reduction in User Fees, Shared Responsibility Payments, or Health Insurance Provider Fees will increase the federal deficit.

A more detailed summary providing projected results over the five-year budget period under both the baseline and Section 1332 Waiver extension scenarios is shown in Appendix B.

[8] https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Downloads/StateSpecAgeCrv053117.pdf
[9] 45 CFR 155.1308(f)(3)(iv)(A)
[10] 45 CFR 155.1308(f)(3)(iv)(D)

Premium Tax Credits

Changes in premium for the second lowest cost silver plan and changes in subsidized enrollment have a direct impact on PTCs paid by the federal government. As shown in Table 7, assuming gross premium rates in the Individual ACA market are reduced under the waiver scenario relative to the premium rates which would otherwise be charged if no reinsurance program were in place, the proposed Section 1332 Waiver extension is expected to significantly decrease the volume of PTCs paid by the federal government each year beginning in 2025.

Table 7: Summary of PTC Enrollment and PTC Payments
Baseline and Waiver Scenarios

	Baseline				Waiver			
Year	PTC Enrollment	Avg PTC PMPM	Total PTCs (millions)	User Fees (millions)	PTC Enrollment	Avg PTC PMPM	Total PTCs (millions)	User Fees (millions)
2025	39,700	$721	$344	$10	39,700	$568	$270	$9
2026	25,200	$731	$221	$8	25,200	$632	$191	$7
2027	25,600	$782	$240	$8	25,600	$673	$207	$7
2028	25,900	$836	$260	$9	25,900	$716	$223	$8
2029	26,300	$895	$282	$10	26,300	$762	$240	$9

Notes:

1. Enrollment volumes have been rounded to the nearest hundred and reflect average monthly enrollment levels
2. PMPM values have been rounded to the nearest dollar
3. Total PTCs are in millions and includes an estimated PTC/APTC Ratio to be applied by the Treasury

The overall impact of the proposed Section 1332 Waiver extension on the volume of enrollees receiving PTCs is expected to be minimal. Therefore, the decrease in PTC payments shown is driven almost entirely by the expected decrease in gross premium rates for the benchmark plan as a result of the reinsurance program which reduces gross premium rates relative to the premium rates which would otherwise be charged if no reinsurance program were in place.

Other Considerations Related to the Federal Deficit

Other items considered in estimating the impact of the Section 1332 Wavier on the federal deficit include the following:

- ***Exchange User Fees*** – Delaware utilizes a State-Partnership Marketplace, through which issuers sell ACA insurance plans to individuals and families through healthcare.gov.[11] To fund the administration of the FFM for plan year 2025, the Federal government will collect 2.2% of premium revenue (i.e., the Exchange User Fee) associated with health plan premiums sold through the FFM. We have assumed that the 2.2% rate will continue into the future and are projecting that Exchange User Fee collections will decrease under the proposed Section 1332 Waiver, due primarily to the reduced premium rates but slightly offset by a small expected increase in the volume of individuals enrolling through the FFM with a waiver in place.

[11] As described by the Henry J Kaiser Family Foundation, states entering into a Partnership Marketplace conduct plan management and may administer in-person consumer assistance; HHS performs the remaining Marketplace functions. Consumers in states with a Partnership Marketplace apply for and enroll in coverage through healthcare.gov.

- ***Federal Individual Mandate Penalty*** – Under the ACA, most individuals are required to maintain a minimum level of health insurance coverage. However, under the Tax Cut and Jobs Act of 2017, the federal individual mandate penalty was reduced to $0 starting in 2019. As a result, the proposed Section 1332 Waiver extension will have no impact on shared responsibility payments under current law.

- ***Cost-Sharing Reduction Payments*** – Given that federal cost-sharing reduction (CSR) payments are not currently being funded and have been assumed to remain unfunded in the future, there is no expected change assumed in the volume of CSR payments between the baseline and waiver scenarios.

- ***Health Insurance Providers Fee*** – With respect to the Health Insurer Providers (HIP) Fee, given that this fee was repealed starting in 2021, the proposed Section 1332 Waiver extension will have no impact on HIP Fee revenues.

Sensitivity of Results

Significant uncertainty exists with respect to future enrollment and premiums in the Individual ACA market, particularly in light of the unwinding of the Medicaid continuous enrollment provisions. As a result, actual experience will likely differ from what is assumed in this analysis. We note that some of the key assumptions related to health insurance markets that we made in the development of our projections include the following: CSR subsidies will continue to be unfunded by the federal government and issuers will continue to load premiums for their on-Exchange silver plans by an amount estimated to be equal to the lost CSR payments, issuer plan and network offerings will be similar to those available to consumers in 2024, issuer pricing assumptions will be similar to those used in 2024 (except where explicitly stated), the enhanced premium tax credits made available under IRA will end after 2025, there will be no significant issuer entries or exits, and there will be no additional significant legislative changes at either the state or federal level that would be expected to impact enrollment in the Individual ACA market. To the extent these assumptions do not hold true in future years, we would expect that actual results would vary, potentially significantly, from those assumed in this analysis. Further, given that federal pass-through funding will ultimately be based on actual premium rates filed by issuers offering coverage in Delaware’s Individual ACA market and actual enrollment volumes, final funding amounts are likely to differ from the estimates provided in this report.

Given the level of uncertainty, we performed significant sensitivity testing of key assumptions and shared those results with the State. Some of the key assumptions that were sensitivity tested include the following:

- Overall membership volumes
- Non-PTC membership volumes
- The change in the second lowest cost silver premium PMPM due to the reinsurance program
- The ratio of PTCs to APTCs
- The level of claims cost within the specified reinsurance parameters
- The impact of Medicaid redeterminations on membership volumes

We note that in each of scenarios tested, while the changes made to the specified assumptions impacted the cost estimates of the reinsurance program and projected federal pass-through funding amounts, there were no cases in which any of the four federal requirements associated with Section 1332 Waiver extension was not expected to be met.

4. Data Sources and Methodology

The projections underlying our analysis are based on results from Oliver Wyman's HRM Model, which was utilized to examine the impact that the proposed Section 1332 Waiver extension is expected to have on the health insurance markets in Delaware, and in meeting the requirements associated with Section 1332 Waivers extension as outlined in federal statute and regulation. The HRM Model is an economic utility model that captures the flow of individuals across various markets and coverage options based on their economic purchasing decisions. It is integrated with actuarial modeling designed to assess the impact that various reforms are expected to have on the health insurance markets.

We estimate that the proposed Section 1332 Waiver extension will not have a material impact on the number of Delawareans covered under employer-sponsored plans, Medicaid, Medicare, CHIP, or other public programs. As a result, we did not present detailed modeling results for those markets.

The primary basis for the population underlying the HRM Model is data from the 2019 American Community Survey (ACS). The ACS data provides detailed information for each individual in a surveyed household unit, including demographic, socioeconomic, geographic, and employment information. The data also provides information regarding health insurance coverage type. The ACS data was supplemented and synthesized with several other data sources, including information from an issuer data call, in order to develop a complete and comprehensive view of the current health insurance market in Delaware.

Delaware Health and Social Services issued a data call to the health insurance issuers that offered coverage in Delaware's Individual ACA market in 2021, 2022, and 2023 to collect detailed information for that market to aid in calibrating the HRM Model. The data included premium and enrollment information from January 2021 through October 2023 and claims information from January 2022 through August 2023 and paid through October 2023. The issuer provided data was further augmented with information from a number of other sources, including but not limited to:

- 2019, 2020, 2021, and 2022 statutory financial statements submitted by issuers in Delaware's health insurance markets
- 2019, 2020,2021, and 2022 medical loss ratio (MLR) rebate data
- 2019-2023 Marketplace enrollment public use files
- 2019-2023 effectuated enrollment reports
- U.S. Census Bureau data
- 2019-2022 summary reports on risk adjustment transfers
- 2019-2022 health insurance coverage estimates from the Kaiser Family Foundation
- National CPI and CMS Personal Health Care Price Index projections
- Available 2024 rate filing information (e.g., Unified Rate Review Template data)
- 2019-2024 Individual and Small Group ACA market premium rates

These additional data sources were utilized to determine the overall average annual enrollment volumes in the health insurance market for each of 2019, 2020, 2021, 2022 and 2023, to validate the issuer data that was provided (e.g., average premiums PMPM), and to gather additional information utilized in our modeling but not captured through the issuer data call.

Health status was assigned to various sub-populations within the HRM Model based on a statistical analysis of self-reported health status data obtained from the Current Population Survey (CPS). The CPS data provides the starting assumptions for the population morbidity, because the data includes a self-reported health status indicator as well as fields classifying income, age, gender, geography, coverage type, and other categories. Respondents to the survey classify their health into one of five categories: excellent, very good, good, fair and poor. The model reflects these classifications numerically by assigning a morbidity load to each category.

Information from the Agency for Health Care Research and Quality's MEPS data was used to simulate the Delaware employer-based market. MEPS identifies key statistics for the employer-based market for every state by group size, including employer offer rates, employee take-up rates, and self-funding rates among employers. Individuals in the ACS data identified as working for private employers were categorized into employer group size segments (e.g., small employer groups) based on the distribution of employees by group size according to MEPS. The MEPS data was also used to determine the number of individuals enrolled in self-funded plans to estimate the total size of the employer-based market. MEPS data was further used to inform our estimates of employer offer rates and self-funding rates.

The utility functions underlying the HRM Model were then calibrated to replicate the number of individuals in each of the Individual, employer-based, and uninsured markets in Delaware for 2019, 2020, 2021, 2022, and 2023. The various parameters of HRM Model's utility functions were then further adjusted until the model also projected Individual ACA market enrollment in each of 2019, 2020, 2021, 2022 and 2023 that was consistent with key characteristics of the actual Individual ACA market enrollment for each year (e.g., by age range, income range, geography, etc.).

The HRM Model assumes a "steady" state population beyond 2023. This means the overall distribution by income, health status, employer size, and family composition of the entire population being modeled is not expected to change significantly. Additional adjustments were applied to the modeled results to reflect anticipated population growth within Delaware. The population growth adjustments were developed based on most recent historical population change which are publicly available on the United States Census Bureau website.

Average claim costs were calibrated and adjusted on an overall basis using information provided in the issuer data call, statutory financial statements, and from other public data sources previously noted. Beyond 2023, claim costs within the HRM Model were trended forward assuming an average annual claims trend rate in the Individual ACA market equal to approximately 7.0%. This assumption was developed based on a review of publicly available information and Oliver Wyman's Issuer Trend Report.

Member cost-sharing and incurred claims were calculated by the HRM Model, with the assumed annual limitation on cost-sharing indexed for inflation each year according to federal regulations using the most recent National Health Expenditure (NHE) data.

Actual lowest-cost bronze, silver, and gold premium rates and second-lowest cost silver premium rates for Delaware's Individual ACA market in 2019, 2020, 2021, 2022, 2023, and 2024 were utilized in the HRM Model.

Premium rates after 2024 were assumed to increase annually by 7.0% while also accounting for any changes in the level of the reinsurance program. Premium rates in the small and large group markets are assumed to increase by an assumed trend rate of 7.0%.

Federal PTCs for eligible Individual ACA market enrollees were assumed to change each year based on premium changes associated with the second lowest cost silver plan available changes in the Applicable Percentage Tables. The Applicable Percentage Tables, while known for 2019 through 2024, were adjusted each year beyond 2024 according to the methodology outlined by the 2024 Final Benefit and Payment Parameter

Notice.[12] Premium and income growth rates utilized in developing the Adjustment Ratio that was applied to the projected Applicable Percentage Tables were based on the most recent NHE projections published by CMS.

As noted earlier, additional key assumptions which were incorporated into the HRM Model include the following: CSR subsidies will continue to be unfunded by the federal government and issuers will continue to load premiums for their silver plans by an amount estimated to be equal to the lost CSR payments, issuer plan and network offerings will be similar to those available to consumers in 2024, issuer pricing assumptions will be similar to those used in 2024, the enhanced premium tax credits made available under IRA will end after 2025, there will be no significant issuer entries or exits, and there will be no additional significant legislative changes at either the state or federal level.

[12] https://www.govinfo.gov/content/pkg/FR-2022-05-06/pdf/2022-09438.pdf

5. Distribution and Use

Oliver Wyman prepared this report for the sole use of the State of Delaware. This report is not intended for general circulation or publication, nor is it to be used or distributed to others for any purposes other than those that may be set forth herein or in the definitive documentation pursuant to which this report was issued. Oliver Wyman understands that the report will be made public and used to support the State's Section 1332 Waiver extension application. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State.

Oliver Wyman's consent to any distribution of this report to parties other than the State does not constitute advice by Oliver Wyman to any such third parties and shall be solely for informational purposes and not for purposes of reliance by any such third parties. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

6. Disclosure and Limitations

Oliver Wyman Actuarial Consulting, Inc., was engaged by the State of Delaware to assist in performing actuarial and economic analyses as part of its State Innovation Waiver extension application under Section 1332 of the Patient Protection and Affordable Care Act. The actuarial services provided consisted of analyses and forecasting to determine whether the proposed Section 1332 Waiver extension will satisfy the Section 1332 Waiver guardrail requirements.

Ryan Schultz, Tammy Tomczyk, and Peter Scharl, all Members of the American Academy of Actuaries, are responsible for this actuarial communication and meet the requirements to issue this report.

For our analysis, we relied on a wide range of data and information as described throughout this report. This includes information received from the issuers currently offering coverage in the Individual ACA market in Delaware. Though we have reviewed the data for reasonableness and consistency, we have not independently audited or otherwise verified this data. Our review of the data may not reveal errors or imperfections. We have assumed the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information are inaccurate or incomplete, our findings and conclusions may need to be revised. All projections are based on data and information available as of March 29, 2023, and the projections are not a guarantee of results which might be achieved.

The estimates included within are based on federal law, regulations issued by the United States Department of Health and Human Services and the Internal Revenue Service, and applicable laws and regulations of the Delaware as of March 22, 2024. Further, our estimates assume that current law as it relates to the Affordable Care Act, and other statutes and regulations that impact the health insurance markets, will continue in the future years without material change that would impact the results included in this report.

In addition, the projections we show in this report are dependent upon a number of assumptions regarding the future economic environment, medical trend rates, issuer behavior, the behavior of individuals and employers in light of incentives and penalties, and a number of other factors. These assumptions are disclosed within the report and have been discussed with representatives from the State of Delaware.

While this analysis complies with the applicable Actuarial Standards of Practice, in particular ASOP No. 23, Data Quality and ASOP No 41, Actuarial Communication, users of this analysis should recognize that our projections involve estimates of future events, and are subject to economic, statistical and other unforeseen variations from projected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect our projections. For these reasons, no assurance can be given that the emerging experience will correspond to the projections in this analysis. To the extent future conditions are at variance with the assumptions we have made in developing these projections, actual results will vary from our projections, and the variance may be substantial.

Oliver Wyman is not engaged in the practice of law and this report, which may include commentary on legal issues and regulations, does not constitute, nor is it a substitute for, legal advice. Accordingly, Oliver Wyman recommends that the State of Delaware secure the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.

This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.

7. Actuarial Certification

I, Ryan Schultz, am a Principal with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow in the Society of Actuaries, a Member of the American Academy of Actuaries, and am qualified to provide the following certification.

This actuarial certification applies to the State of Delaware's application for an extension of its State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act. The State is seeking to waive §1312(c)(1) of the Affordable Care Act, which requires that all enrollees in all health plans offered by an issuer in the Individual market be members of a single risk pool.

Reliance

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by various agencies of the State of Delaware, information obtained from issuers currently offering coverage in the Individual ACA market in Delaware, financial statement information, and additional information published by various agencies of the federal government.

I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or audit, I have reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

Actuarial Certification

In my opinion, the State of Delaware's proposed Section 1332 Waiver extension application complies with the following requirements:

- **Scope of Coverage Requirement:** The Section 1332 Waiver extension will provide coverage to at least a comparable number of the State's residents as would be covered absent the waiver extension.
- **Affordability Requirement:** The Section 1332 Waiver extension will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for the State's residents as would be provided absent the waiver extension.
- **Comprehensiveness of Coverage Requirement:** The Section 1332 Waiver extension will provide coverage that is at least as comprehensive for the State's residents as would be provided absent the waiver extension.
- **Deficit Neutrality Requirement:** The Section 1332 Waiver extension will not increase the federal deficit.

This certification conforms to the applicable Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

March 29, 2024

Appendix A. Overview of Oliver Wyman's Healthcare Reform Microsimulation Model

We utilized Oliver Wyman's HRM Model to assess the impact that the proposed Section 1332 Waiver extension is expected to have on the Individual health insurance market and correspondingly the uninsured population in the State of Delaware. The HRM Model is an economic utility model that captures the flow of individuals across various markets and coverage options based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact various reforms are expected to have on the health insurance markets. This model is a leading-edge tool for analyzing the impact of various healthcare reforms or proposed legislation.

The HRM Model projects the number of individuals expected to seek coverage under each health insurance coverage type using economic utility functions. The decision-making process for determining which health insurance coverage type is selected is made at the health insurance unit (HIU) level, where an HIU is defined as any grouping of family members where each person within the HIU might be eligible for coverage under the same policy. One exception to this is that individuals who are identified as being eligible for Medicare, Medicaid, CHIP, and other government sponsored coverage (e.g., government workers) are assumed to retain their government sponsored coverage, and the economic utility associated with employer-based coverage, Individual market coverage, or being uninsured is only evaluated by the HRM Model for the remaining individuals within an HIU.

HIUs are generally assumed to make economically rational decisions in selecting the health insurance option that maximizes the economic utility for the HIU. The HRM Model allows for some irrational behavior, including the principle of "inertia" in HIU decision making (i.e., people are unlikely to make significant changes in their situation for relatively small changes in utility) and the assumption that not all uninsured individuals will actually shop for health insurance coverage each year.

An HIU's decision to enroll in ACA coverage is based on the lowest cost bronze, silver, or gold plan available in each rating area (RA) which provides the greatest economic value. Both on-Exchange and off-Exchange plans are made available to each HIU, with PTCs applied to eligible HIUs. The economic utilities for all members of the HIU are aggregated to develop the corresponding utility for the HIU under each health insurance option.

Individuals identified as working for private employers are randomly categorized into synthetic employer groups of varying group sizes based on the distribution of group size from the Medical Expenditure Panel Survey (MEPS). An employer-based economic utility function, which takes into account items such as the expected costs which would be incurred as a result of not offering coverage (e.g., the penalty for not offering coverage) and the benefits that would be available to an employer's employees if they were to purchase coverage in the Individual market (e.g., PTCs), determines whether a given employer will offer health insurance coverage to its employees and their dependents. If an employer offers coverage, all eligible employees and their dependents within each HIU (i.e., individuals who are not eligible for health insurance coverage through a government sponsored program) are assumed to evaluate the health insurance coverage options offered by the employer.

The decision as to whether an HIU will take up coverage in either the employer-based market, the Individual market, or choose to be uninsured is based on the result from comparing two economic utility functions. The first economic utility function calculates the utility associated with taking up coverage in either the employer-based market or the Individual market (depending on whether the employer of the primary or spouse within an HIU is modeled to offer coverage) and is a function of the premium the HIU would be expected to pay (net of employer subsidies or federal premium subsidies, respectively), any cost-sharing the HIU would be expected to pay out-of-pocket (net of any CSRs for applicable Individual market coverage), and the risk aversion of the HIU. If multiple coverage options are available (e.g., employer coverage, Individual market bronze-level coverage, Individual market silver-level coverage), the utility of each coverage option is evaluated and the best option is selected. The second economic utility function calculates the utility associated with not taking coverage and remaining uninsured, and is a function of any tax penalty the HIU would be assessed, total allowed claim costs for the HIU (assuming a reduced level of utilization due to the lack of insurance coverage), and the risk aversion of the HIU. If the utility of being uninsured is greater than the utility associated with taking up health insurance coverage, the HIU is assumed to be uninsured. Otherwise, the HIU is assumed to take up coverage in either the employer-based market or the Individual market for the coverage option that provides the maximum utility for the HIU.

Appendix B. Five Year Budget Period Projections

Detailed Summary of Individual ACA Market Projections - Baseline and Waiver Scenarios

Baseline

	2025	2026	2027	2028	2029
Total Individual ACA Enrollment	46,100	38,600	39,100	39,600	40,100
ACA PTC Enrollment	39,700	25,200	25,600	25,900	26,300
ACA Non-PTC Enrollment	6,400	13,400	13,500	13,700	13,800
Aggregate ACA Premium (millions)	$495	$423	$459	$498	$540
Average ACA Premium Rate PMPM	$895	$913	$978	$1,048	$1,123
Aggregate APTCs (millions)	$365	$235	$255	$276	$300
Aggregate PTCs (millions)	$344	$221	$240	$260	$282
Average PTCs PMPM	$721	$731	$782	$836	$895

Waiver

	2025	2026	2027	2028	2029
Total Individual ACA Enrollment	46,700	39,300	39,800	40,300	40,900
ACA PTC Enrollment	39,700	25,200	25,600	25,900	26,300
ACA Non-PTC Enrollment	7,000	14,100	14,200	14,400	14,600
Aggregate ACA Premium (millions)	$417	$384	$413	$444	$479
Average ACA Premium Rate PMPM	$743	$814	$865	$918	$975
Aggregate APTCs (millions)	$287	$203	$219	$237	$255
Aggregate PTCs (millions)	$270	$191	$207	$223	$240
Average PTCs PMPM	$568	$632	$673	$716	$762

Change – Baseline to Waiver

	2025	2026	2027	2028	2029
Total Individual ACA Enrollment	600	700	700	700	800
Total Individual ACA Enrollment (%)	1.3%	1.8%	1.8%	1.8%	2.0%
Average ACA Premium Rate PMPM (%)	-17.0%	-10.8%	-11.6%	-12.4%	-13.2%
Average PTCs PMPM (%)	-21.3%	-13.5%	-13.9%	-14.4%	-14.8%

Demonstration of Deficit Neutrality Requirement (Amounts shown in millions)

	2025	2026	2027	2028	2029
Change in Total APTCs	($78)	($32)	($36)	($40)	($44)
Change in Total PTCs	($73)	($30)	($33)	($37)	($42)
Change in Other (e.g., User Fees)	($2)	($1)	($1)	($1)	($1)
Net Savings to Federal Government	($72)	($29)	($33)	($36)	($41)

Projected Reinsurance Program Costs and Funding Levels

	2025	2026	2027	2028	2029
Cost of Reinsurance Program (millions)	$95	$53	$58	$63	$68
Federal Pass-Through Funding (millions)	$72	$29	$33	$36	$41
State Funding (millions)	$23	$24	$25	$26	$27

Notes:

1. Enrollment volumes have been rounded to the nearest hundred and reflect average monthly enrollment levels
2. Aggregate values are in millions
3. PMPM values have been rounded to the nearest whole dollar
4. Average ACA premium rate change shown is not equal to the previously stated percentages due to differences in member mix (e.g., demographics, plan mix) between the baseline and waiver scenarios
5. The ratio of PTCs to APTCs is assumed to be 0.942

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Attachment 2: Notice of Public Comment on DOI Website

NOTICE OF PUBLIC INFORMATION SESSION

1332 WAIVER RENEWAL

The STATE OF DELAWARE, DEPARTMENTS OF HEALTH AND SOCIAL SERVICES

("DHSS"), and INSURANCE, hereby give notice that a PUBLIC INFORMATION SESSION will be held on Thursday, March 21, 2024, between 10:00 a.m. and 11:00 a.m., at the Department of Insurance, 1351 West North St., Suite 101, Dover, DE 19904. Interested parties may join virtually via:

Microsoft Teams Meeting

https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZTY4YzBjNzQtNmMxZi00OGMxLWE5YWMtNDI1YzAwODU3MTE4%40thread.v2/0?context=%7b%22Tid%22%3a%228c09e569-51c5-4dee-abb2-8b99c32a4396%22%2c%22Oid%22%3a%222bbf88fb-a8eb-43df-954e-c5269b9d405c%22%7d Meeting ID: 257 801 892 566

Passcode: gBoJc3

Join with a video conferencing device
teams@sod.onpexip.com

Video Conference ID: 118 465 513 0

Or call in (audio only)

+1 302-504-8986,,600761768# United States, Wilmington
Phone Conference ID: 600 761 768#

The purpose of the session is to allow public comment related to the renewal of the state's Section 1322 State Innovation Waiver.

Members of the public may view the Section 1322 State Innovation Waiver renewal application in advance of the session by coming to the Delaware Department of Insurance Dover Office, located at 1351 West North St., Suite 101, Dover, DE 19904, between 8:30 a.m. and 4 p.m., Monday through Friday, or by going on-line at https://dhss.delaware.gov/dhss/dhcc/files/publiccomment2529.pdf.

Comments are being solicited from the public. Comments may be in writing or may be presented orally at the March 21st public information session. Written comments must be received no later than March 19, 2024, by 4 p.m. and should be addressed to the attention of Legal Department, Delaware Department of Insurance, 1351 West North St., Suite 101, Dover, DE 19904; or via E- mail: 1332waiver@delaware.gov.

For any questions regarding this public information session, please call (302) 674-7316.