

# POLICY DEVELOPMENT

## Reinsurance

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## OVERVIEW

- In 2018, a study was conducted per SCR 70 to assess the potential impact of several different market options, including expanding Medicaid Title XIX to higher incomes, creating a lower cost Exchange-based insurance product, and implementing a state-based reinsurance program
- HHS approved Delaware's 1332 Waiver application on August 20, 2019
- The 1332 Waiver approval allows DHSS to operate a 5-year reinsurance program, which became effective on January 1, 2020
  - A five-year extension application was submitted in May of 2024 to extend the program through December 31, 2029
- All insurers offering coverage in the Individual ACA market are eligible to participate in the reinsurance program



## OVERVIEW

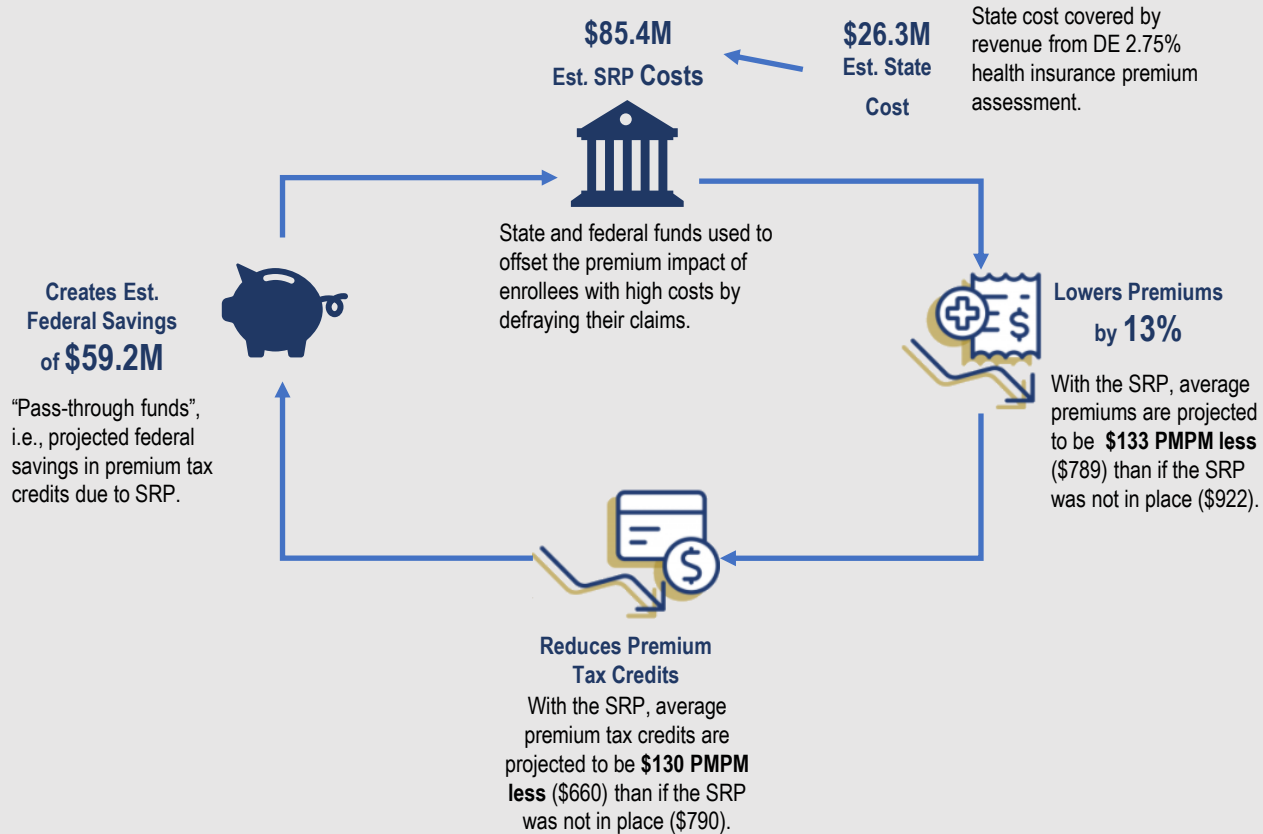
- The goal of the reinsurance program is to reduce member premiums in the Individual ACA market relative to if no reinsurance program were in place
  - For plan year 2023, the estimated average impact was 15.6%
  - For plan year 2024, the estimated average impact is 15.4%
  - For plan year 2025, the estimated average impact is 13.3%
  - These estimates include the estimated morbidity improvement in the single risk pool (relative to if no reinsurance program were implemented)
- The program is funded through a combination of federal pass-through funding and an annual premium assessment on carriers which was established by HB 193





## How Delaware's State Reinsurance Program Works

### 2025 State Reinsurance Program Framework



# Delaware reinsurance Program Summary

October 3, 2024

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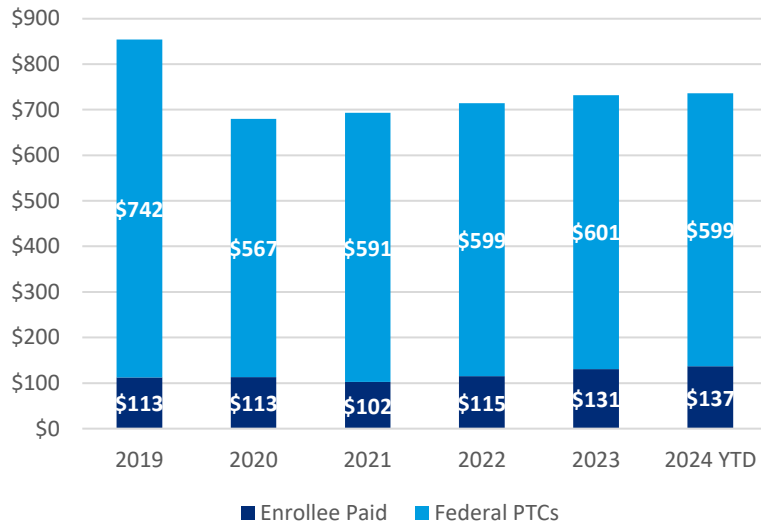
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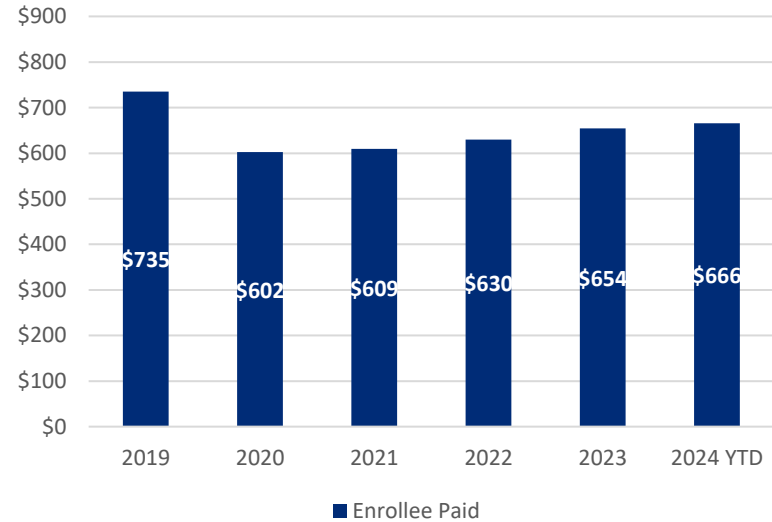
# THE AVERAGE GROSS PREMIUM PMPM FOR ENROLLEES DECREASED SIGNIFICANTLY IN 2020 DUE IN LARGE PART TO THE IMPLEMENTATION OF THE REINSURANCE PROGRAM, AND HAS INCREASED BY AN AVERAGE OF 2-3% ANNUALLY IN THE FOLLOWING YEARS

Average Individual ACA Market Gross Premium PMPM

Enrollees Receiving PTCs - Split by Funding Source



Enrollees Who Do Not Receive PTCs

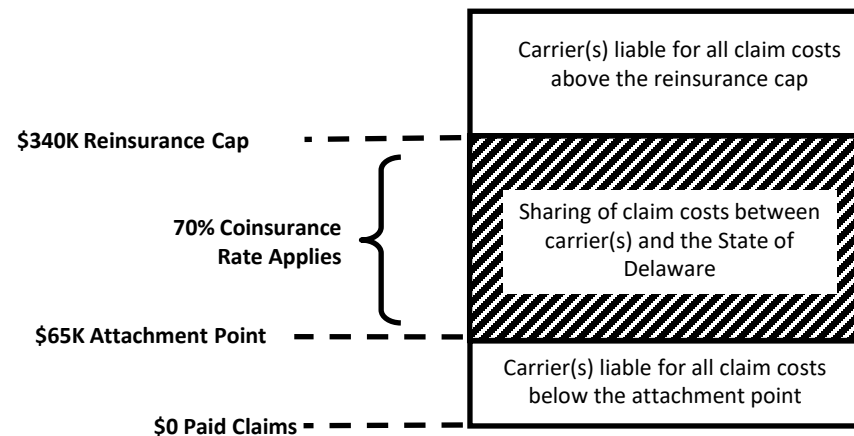


Sources: Marketplace enrollment reports, carrier data call, and other external reports ; 2024 YTD based on data through February



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

Figure 1 – Example of Risk Sharing in 2025

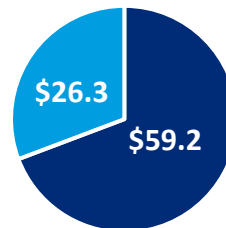


- All insurers offering coverage in the Individual ACA market are eligible to participate in the program
- The program is estimated to reduce member premiums in the Individual market by approximately 13.3% in 2025 relative to if no reinsurance program were in place; this estimate includes an assumption that the morbidity of the single risk pool will be 0.3% lower in 2025 relative to if no reinsurance program were in place
- The reinsurance parameters for calendar year 2025 are as follows:
  - Attachment Point: \$65,000, Coinsurance Percent: 70%, Reinsurance Cap: \$340,000

# THE TOTAL COST OF THE REINSURANCE PROGRAM FOR 2025 IS PROJECTED TO BE \$85.4 MILLION; DELAWARE'S PORTION OF THAT COST IS PROJECTED TO BE \$26.3 MILLION

- Per House Bill 193, which was passed on June 20, 2019, the reinsurance program is funded with pass-through funds received from the federal government under the ACA and through a 2.75% annual assessment based on each health insurance carrier's premium that is subject to state premium tax
- Below is a summary of how the \$85.4 million cost is projected to be covered between the federal pass-through funds and funding raised through the 2.75% assessment

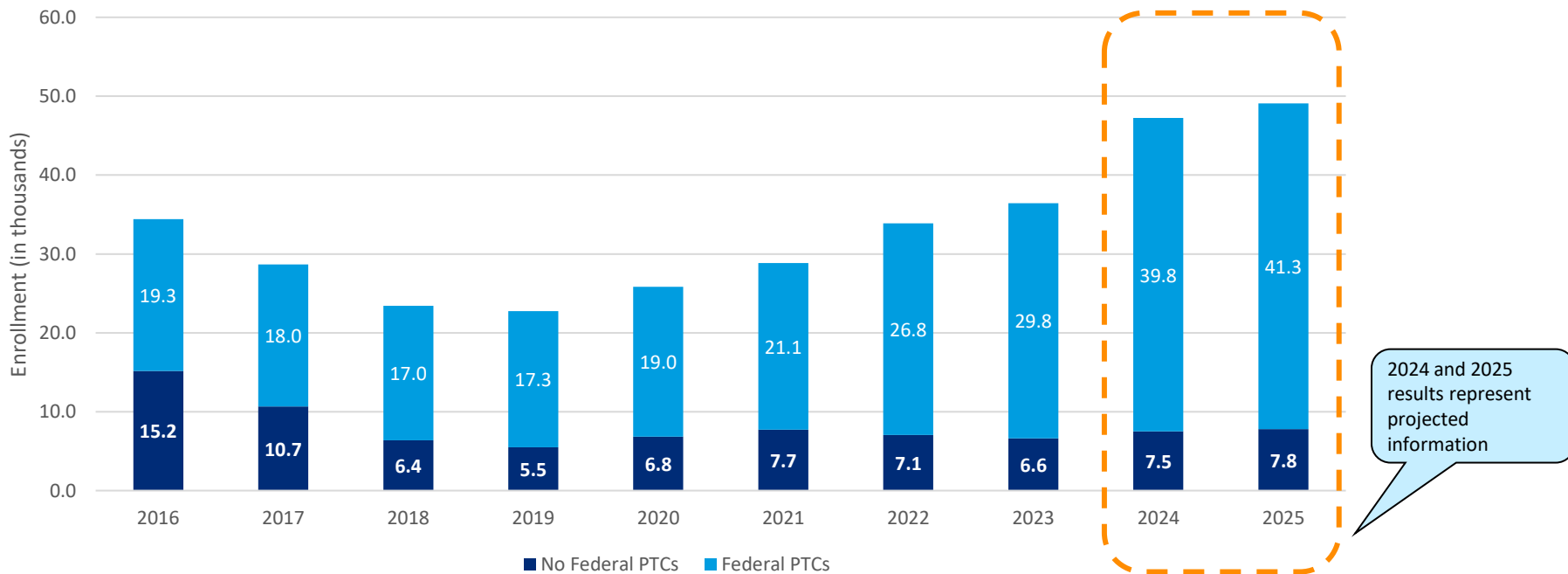
**Projected Funding of 2025 Reinsurance Program  
(in \$millions)**



■ Federal Pass-Through   ■ 2.75% Assessment

# INDIVIDUAL ACA ENROLLMENT IS PROJECTED TO INCREASE IN 2025 RELATIVE TO 2024, PRIMARILY DUE TO THE FULL IMPACT OF MEDICAID REDETERMINATIONS BEING REFLECTED

## Individual ACA Market Enrollment



Sources: Marketplace enrollment reports, carrier data call, and other external reports; 2024 results are projected based on YTD data through February; 2025 results are projected based on internal modeling

# THE PROPORTION OF INDIVIDUAL ACA MEMBERS IN SILVER PLANS INCREASED IN 2024 AND WAS DRIVEN BY 94% CSR PLANS

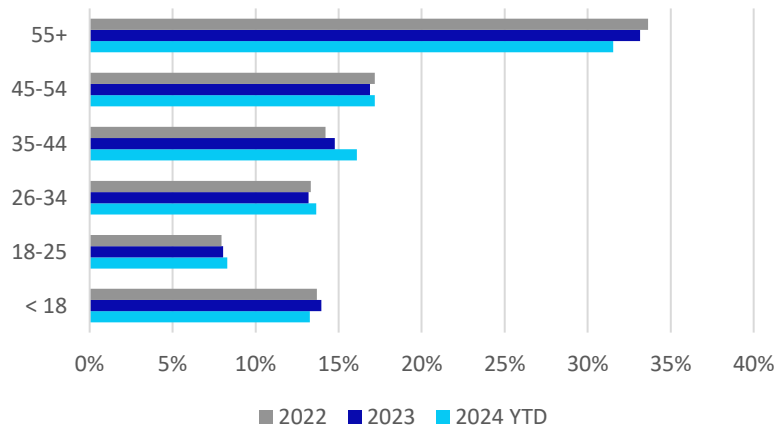
## Distribution of Individual ACA Market Enrollment by Metal Level

Metal Level	2022	2023	2024 YTD
Platinum	3.6%	2.6%	1.8%
Gold	48.2%	48.5%	44.8%
Silver	23.0%	22.6%	27.0%
<i>Base Silver</i>	1.8%	1.5%	1.7%
<i>73% CSR</i>	1.8%	1.3%	1.4%
<i>87% CSR</i>	11.3%	11.0%	11.6%
<i>94% CSR</i>	8.0%	8.8%	12.3%
Bronze	24.7%	25.9%	26.1%
Catastrophic	0.5%	0.4%	0.3%

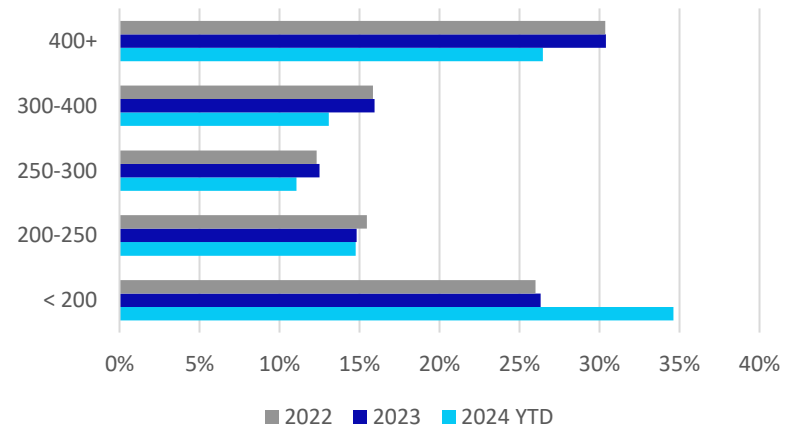
Source: Carrier data call; 2024 YTD based on data through February 2024

# THE DISTRIBUTION BY AGE HAS SHIFTED TOWARD YOUNGER AGES AND THE PERCENTAGE OF MEMBERS WITH AN FPL OF <200 INCREASED SIGNIFICANTLY IN 2024

Distribution of Individual ACA Market Enrollees by Age



Distribution of Individual ACA Market Enrollees by FPL



Count of Individual ACA Market Enrollees by FPL

	2024 YTD	2023	2022
400+	12,142	11,081	10,294
300-400	5,804	5,810	5,367
250-300	5,029	4,552	4,179
200-250	6,948	5,401	5,240
< 200	17,328	9,587	8,817

Source: Marketplace enrollment reports, carrier data call; 2024 YTD based on data through February

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