

DEPARTMENT OF HEALTH AND SOCIAL SERVICES (DHSS)



July 18, 2025

DE 1332 STATE INNOVATION WAIVER PUBLIC FORUM

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Delaware Health Care Commission

BACKGROUND

- Forum is required pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c)
- Delaware Department of Health and Social Services (DHSS) will host forum annually
- Provide public with an opportunity to give meaningful comment on the progress of the Section 1332 Waiver thus far



- Over the first five years of the reinsurance program (2020 – 2024), average monthly enrollment has increased by 100% from 2019 levels and the average premium per member per month (PMPM) has remained below levels observed in 2018 and 2019.

Table 1. Delaware Individual Market Membership and Premium – 2017 to 2024

	2017	2018	2019	2020	2021	2022	2023	2024
Annual Member Months	360,000	290,000	280,000	310,000	350,000	400,000	450,000	560,000
Premium (in \$M)	\$200.3	\$215.3	\$228.8	\$205.8	\$227.7	\$280.9	\$318.2	\$398.5
Average Premium PMPM	\$556	\$743	\$817	\$664	\$650	\$702	\$707	\$712
Y-Y Monthly Member Change		-19%	-3%	11%	13%	14%	13%	24%
Y-Y Premium PMPM Change		33%	10%	-19%	-2%	8%	1%	1%

Source: 2017 - 2023 based on carrier-reported MLR data; 2024 based on carrier-reported data in response to data request

Legislation was passed to authorize the 1332 waiver application and secure funding for the reinsurance program

- Senate Concurrent Resolution 70 (SCR 70) was passed on June 28, 2018 and authorized the State's 1332 waiver application
- House Bill 193 (HB 193) was passed on June 20, 2019, and established the state-based reinsurance program and secured a funding source for the program
 - ❖ Under HB 193, the reinsurance program is funded with pass-through funds received from the federal government under the Affordable Care Act (ACA) and an annual 2.75% assessment on each carrier's premiums, where subject to state premium tax
 - ❖ If Congress reinstates the Health Insurance Providers Fee defined under §9010 of the ACA for a particular calendar year the annual assessment will be reduced to 1.00% of carrier premiums, where subject to state premium tax
 - ❖ The assessment was equal to 1.00% in 2020, 2.75% in 2021 through 2025 and will be equal to 2.75% in 2026

DHSS submitted its 1332 waiver application on July 10, 2019 and the application was approved on August 20, 2019

- Following a 30-day state public comment period, beginning on May 30, 2019, DHSS submitted the State's 1332 waiver application on July 10, 2019
- In the waiver application, DHSS requested a waiver of the ACA single risk pool requirement to allow insurers to adjust individual premium rates to account for the rate impact of the reinsurance program
- On July 18, 2019, DHSS received notice from the U.S. Department of Health and Human Services (HHS) that the waiver was deemed complete, starting the 30-day federal public comment period
- HHS approved Delaware's 1332 Waiver application on August 20, 2019
- The 1332 Waiver approval allows DHSS to operate a 5-year reinsurance program, effective January 1, 2020
- A five-year extension was submitted on April 2, 2024 and approved on July 31, 2024 to extend the program through December 31, 2029

In approving the application and extension, HHS concluded that the Reinsurance Program complies with all four 1332 waiver guardrails

- 1. *Comprehensiveness of coverage:*** Delaware's 1332 waiver does not in any way seek to alter the requirements of coverage under state mandated benefits or under the ACA's required coverages.
- 2. *Affordability of coverage:*** Delaware's 1332 waiver does not require or encourage issuers to alter cost-sharing designs or network coverage and established lower premium rates. In addition, by establishing a reinsurance program to lower rates, Delaware's 1332 waiver reduces premium contributions made by a number of individuals (e.g., those individuals who do not receive premium tax credits) and reduces the cost of comprehensive health insurance in the Individual market.
- 3. *Scope of coverage:*** Delaware's 1332 waiver is expected to result in an increase in membership in the individual ACA market due to the reduction in rates resulting from the reinsurance program.
- 4. *Deficit neutrality:*** Delaware's 1332 waiver does not increase the federal deficit or federal revenues or outlays.

For 2026, the program is expected to reduce gross member premiums (i.e., prior to the application of federal premium tax credits) in the Individual ACA market by approximately 7.0% relative to if no reinsurance program were in place

- The reinsurance program will reimburse a portion of an insurer's paid claims in the event the insurer's paid claims for a particular member fall between established payment parameters; for 2026, the anticipated payment parameters are as follows:
 - Attachment point: \$55,000
 - Coinsurance rate: 35%
 - Reinsurance cap: \$340,000
 - *Example:* For 2026, the program would reimburse \$15,750 to an insurer for a member that incurred \$100,000 in paid claims (i.e., $[\$100,000 - \$55,000] \times 35\% = \$15,750$)
- The reinsurance program is projected to cost a total of \$45.9 million for 2026
 - Federal pass-through funding for the program is projected to be \$17.4 million for calendar year 2026, and the remainder of the cost, \$28.5 million, is expected to be funded through the assessment which was established by HB 193
 - The federal pass-through funding estimate assumes the average morbidity in the single risk pool is 0.2% lower with the reinsurance program in place

PUBLIC COMMENT

- Written comments can be submitted to the Delaware Health Care Commission DHCC@delaware.gov.
- Please send comments by close of business Friday, July 25, 2025.





THANKYOU