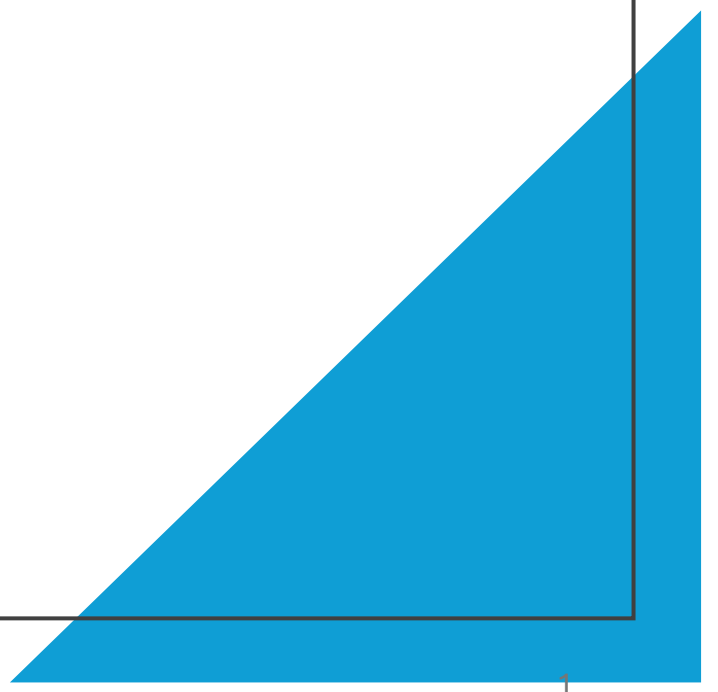


Maine Bureau of Insurance Section 1332 Waiver Annual Public Forum

June 30, 2025



Agenda

- Overview of Maine's Section 1332 Waiver
- Recent Performance
- Funding and Impact on the Market
- Challenges Going Forward
- Public Comments

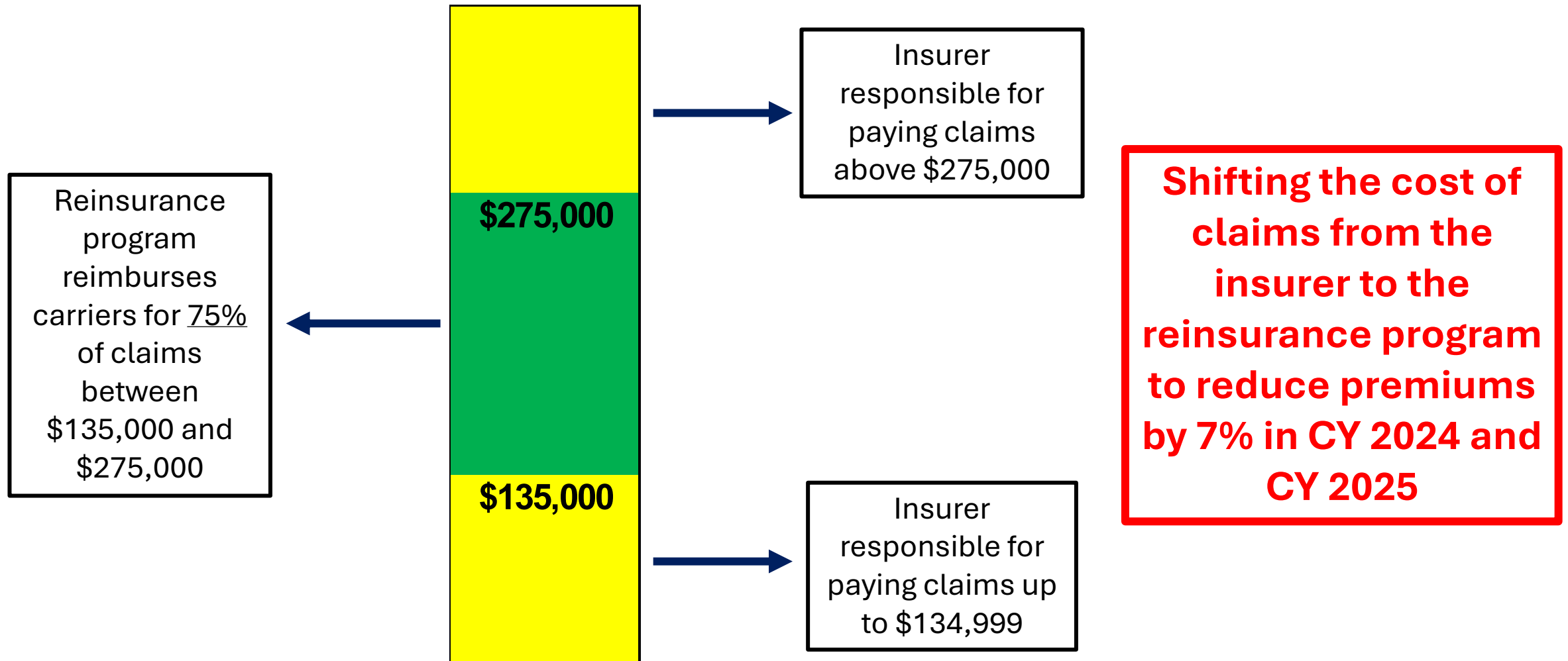
Section 1332 Overview

- Section 1332 of the Affordable Care Act (ACA) allows states to pursue policies to lower the cost of health insurance while providing comprehensive coverage through innovative policies.
- In 2018, Maine received approval from the federal government to establish a reinsurance program in the individual market using state and federal funds.
 - State assessment of \$4 PMPM that applies to all commercial health insurance (excludes Medicare, Medicaid, and federal employees' health benefit program).
 - Federal pass-through funds from reduction in Advance Premium Tax Credits (APTC)
- The reinsurance program, administered by the Maine Guaranteed Access Reinsurance Association (MGARA), took effect in CY 2019.

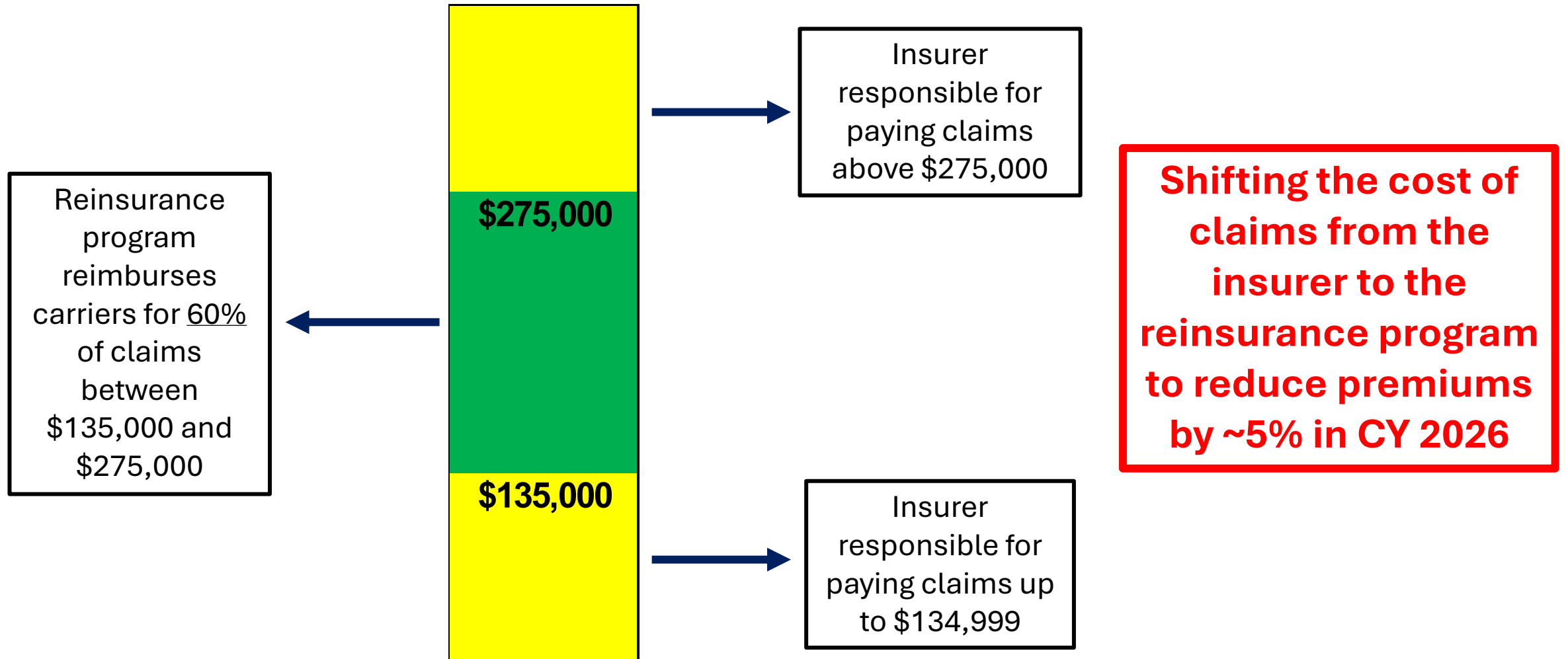
Section 1332 Overview

- In 2022, the state applied for and received approval of an amendment to the 1332 waiver.
 - Combined the individual and small group markets under a single risk pool.
 - Applied retrospective reinsurance program to the newly merged market.
 - Goal was to help stabilize the small group market by lowering premiums.
- The retrospective reinsurance program reimburses health insurers for incurred claims between pre-defined attachment points.
- The MGARA board sets the attachment points and co-insurance rate each year.

Reinsurance Program Parameters - CY 2024 and CY 2025



Reinsurance Program Parameters - CY 2026



Funding and Impact

- State assessment of \$4.00 per member per month (PMPM), which has been in place since 2012, generates approximately \$27M annually.
- Federal pass-through funding provided \$45.7M in 2025.
- Premiums lowered by 5% – 7% in 2024 – 2026.
- From 2022 through 2025 (projected), the reinsurance program will pay over \$355M in claims.
- In 2025, approximately 45,288 people are insured through the small group market and the individual market covered 70,713 members.

Challenges Going Forward

- Health care costs are increasing at an alarming rate.
- The \$4.00 PMPM state assessment has remained unchanged since 2012.
 - As health care costs increase, the assessment's value has declined.
- Federal funds – \$45.7 M in 2025 – are higher due to enhanced premium tax credits (APTC).
 - In 2026 – assuming no change in federal law – federal premium subsidies will be reduced, which will lower the federal pass-through funds provided to Maine.

Challenges Going Forward

- The reinsurance program's year-end surplus has declined from a high of \$85M in 2021 (Covid impact) to \$43.6M projected for year-end 2025.
- The Board has set the 2026 reinsurance parameters at \$135,000/\$275,000 with a 60% coinsurance rate, intentionally drawing on surplus to provide an estimated 5.5% rate impact and reducing surplus to an estimated \$26 million

Public Comments