



DEPARTMENT OF

Professional & Financial Regulation

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

ACA Section 1332 Waiver Innovation Application Update

Maine Bureau of Insurance

JANUARY 2022

Leveraging a merged market and the Maine Guaranteed Access Reinsurance Association (MGARA) using a Section 1332 Waiver

Authorized by LD 2007 PL 653

Purpose –

- To stabilize and reduce premiums in individual and small group health insurance market by providing reinsurance to insurers in the pooled market.

Funding –

- Merging small group and individual markets and reinsurance reduces individual APTC to provide pass through funds. \$4 per person per month assessment on all market segments.

MGARA –

- Changed from prospective to retrospective model.

Deferred the pooled market under 24-A M.R.S. § 2792 from 2022 to 2023.

The pooled market to be adopted based on the Federal Government approving the state innovation waiver amendment that extends reinsurance to the pooled market and based on projections that both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent the provisions of this section and MGARA.

2021 LD 1725
Public Law c.
361

Rule 856 COMBINATION OF THE INDIVIDUAL AND SMALL BUSINESS HEALTH INSURANCE RISK POOLS

Public hearing for the proposed rule held on October 12, 2021

Comment deadline was October 25, 2021

Finalized January 24, 2022

Today's public forum is being held under Rule 856, § 4(1)(C), and we encourage public input on the expected impact of the pooled market and the reinsurance program, and any suggestions for additional or alternate initiatives to improve the stability and affordability of the small group market.

The Proposal

Pooling the markets reduces rates in the individual market but increase rates in the small group market. The reduction in individual market rates would lower federal spending for Premium Tax Credits (PTC).

The second component of the waiver is the establishment of a reinsurance program that would reduce premiums across the newly-pooled individual and small group market.

Pooling the markets is expected to lower the average individual market premium by 8.1% compared to the baseline. In the small group market, the average premium is projected to decrease 6.0% compared to the baseline.

For the purpose of this actuarial analysis, based on the checklist for Section 1332 waiver applications issued by CMS, the baseline estimate excludes the premium reductions associated with Maine's current Section 1332 waiver and assumes there is no reinsurance program in the individual market.

American Rescue Plan Act (ARPA)

Effective on March 11, 2021, American Rescue Plan Act (ARPA) provides a significant increase in premium subsidies for the purchase of health plans offered on the Affordable Care Act's (ACA) exchanges.

For Calendar Years 2021 and 2022, ARPA reduces the percentage of annual income that individuals and families with income below 400% of the federal poverty level (FPL) are expected to pay for the second lowest cost Silver plan (SCLSP); and the second change expands premium subsidies to individuals and families with income that exceeds 400% FPL.

Because of the increase in premium tax credits, additional pass-through funds were issued as part of the current 1332 waiver to Maine in the amount of \$8,562,238 announced on September 7, 2021. This additional funding was not planned when the rates for 2022 plans were approved so it is anticipated that those funds will be applied to 2023 merged market claims through MGARA.