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Exchange Board Meeting: Public Option Update

Division of Health Care Financing and Policy

October 2024



Department of Health and Human Services

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Agenda

1. Background
2. Overview of New Plans
3. Federal Savings & 1332 Waiver
4. Governor's Market Stabilization Program

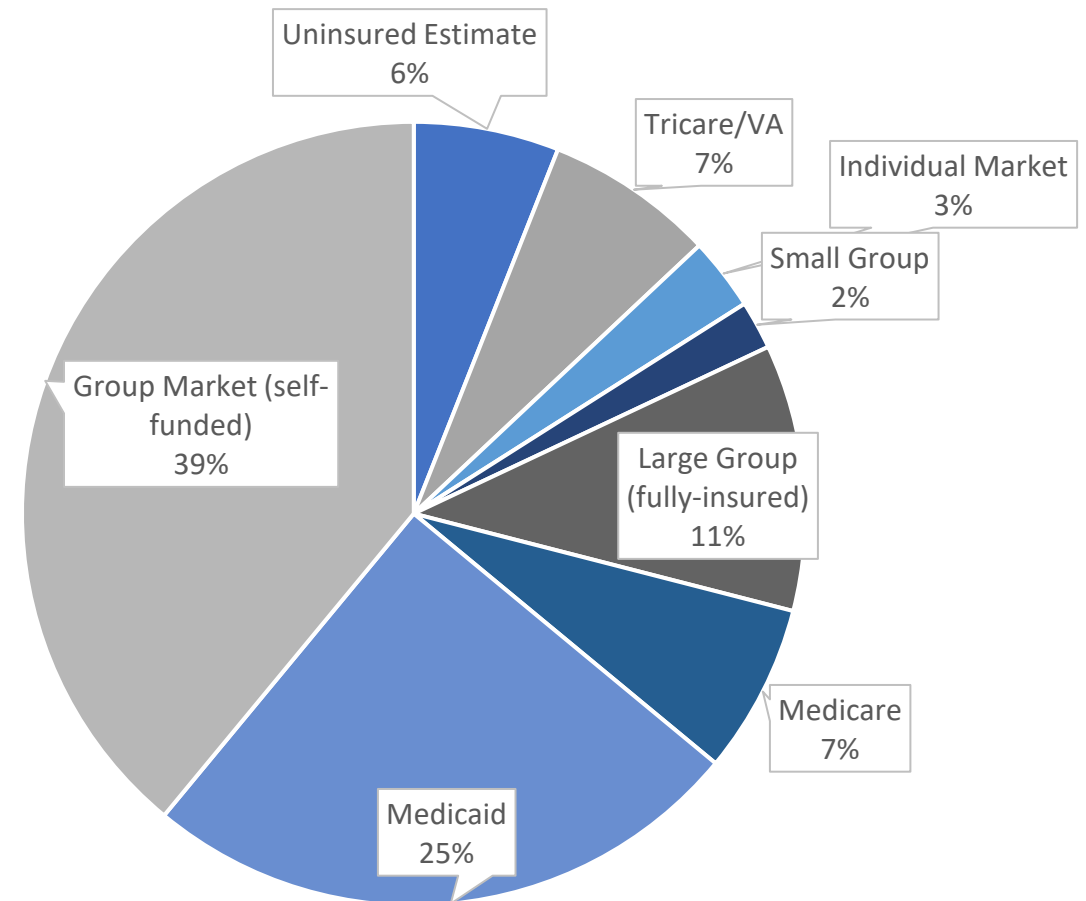
Source: Data compiled from KFF Health Insurance Status by Payer, 2022.



Background

- SB 420 – state establishing authority
- Requires DHHS/DHCFP to leverage purchasing power with Medicaid managed care carriers to require them to offer new state-contracted qualified health plans (QHPs) on Nevada Health Link along with other QHPs
- These new state-contracted QHPs (Battle Born State Plans (BBSPs)) are procured through a new state procurement that aligns with the State's Medicaid managed care procurement

Nevada Payer Market Share by Percentage (2023)





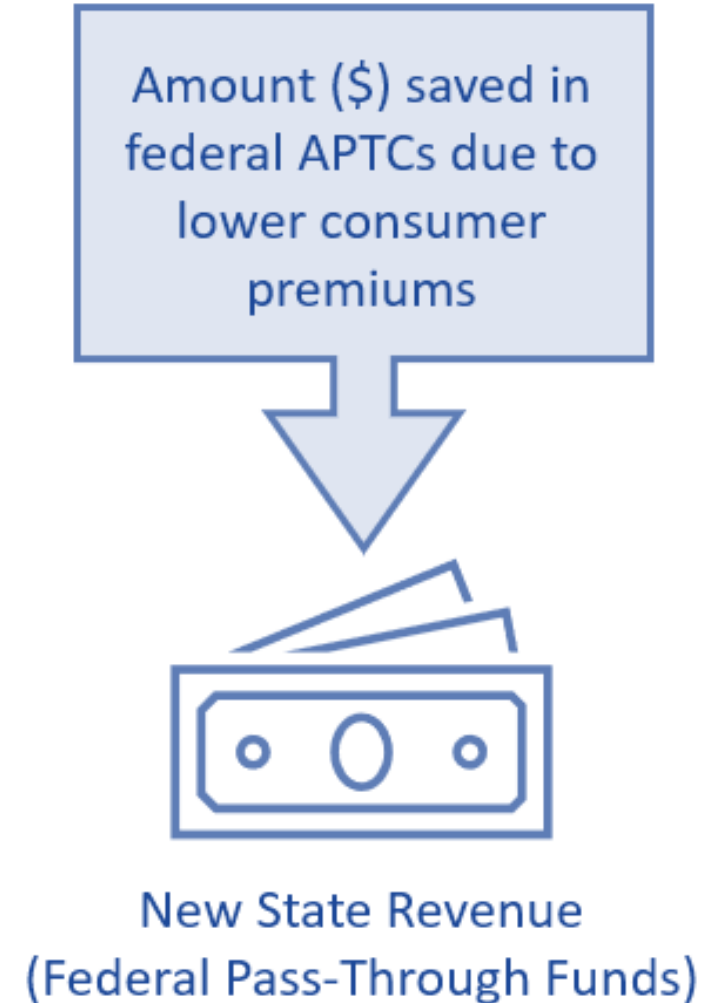
1332 Waiver Request

- State law requires a 1332 Waiver Request to implement new state-contracted QHPs (BBSPs) and capture any federal savings resulting from the program.
- Waiver was submitted January 2024; awaiting final decision from CMS/HHS and Treasury.
- Federal waiver-related changes in updated application posted in August for 30-day public comment:
 - New strategies to encourage and promote consumer shopping during Open Enrollment so they can find the most affordable option.
 - Premium rebates for any exchange consumers experiencing increased costs in premiums due to the BBSP introduction into market



How does this generate federal “savings”?

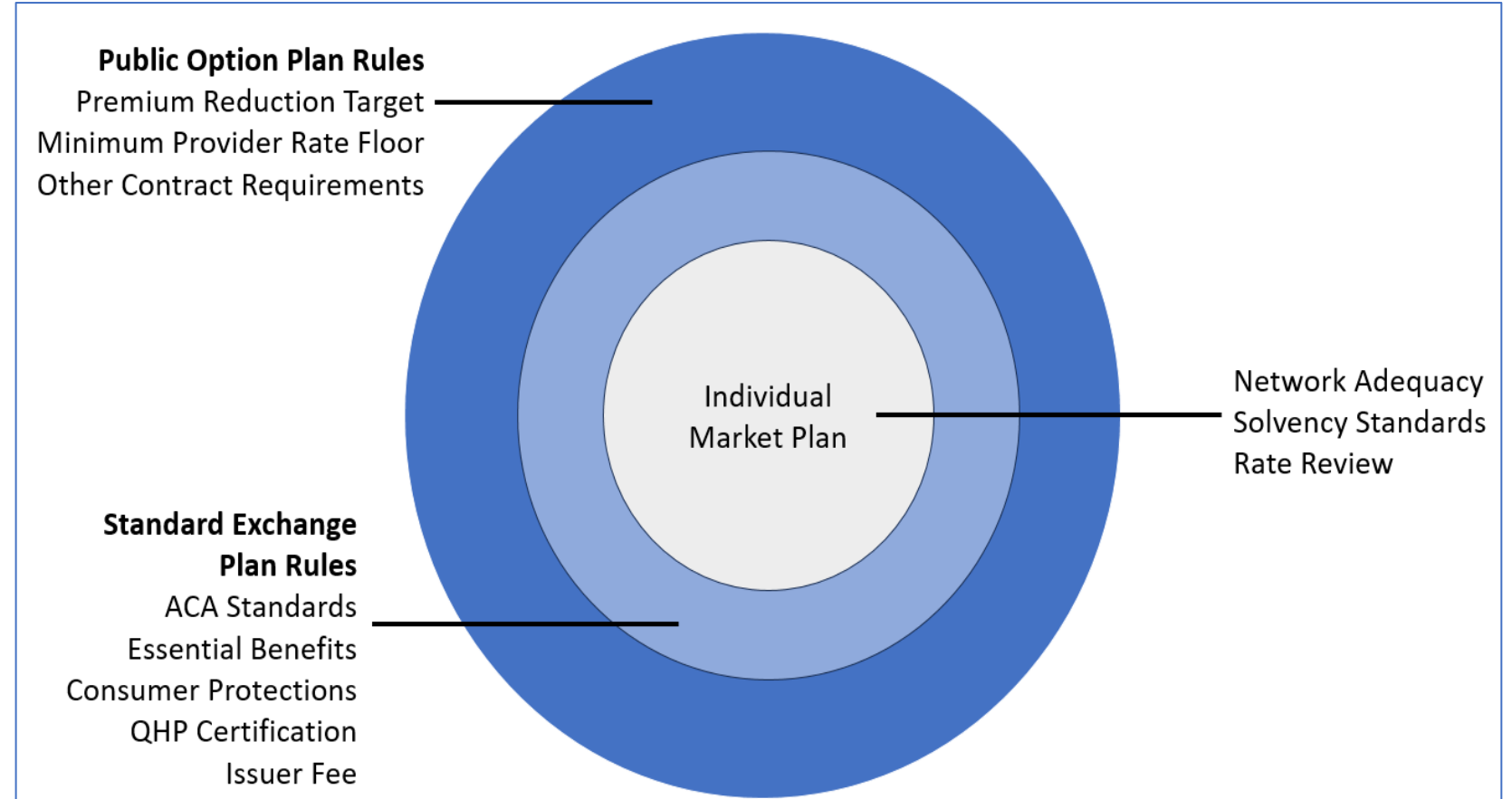
- Nevada anticipates receiving **\$279 to \$310 million** in the first five years and **\$760 to \$844 million** at the end of the first ten years if the waiver is approved.
- Two factors driving “savings” for federal government:
 - **Premium reduction target of 15%** over first four years as compared to a benchmark
 - **Reinsurance program** (part of the Governor’s proposal for how to use the new federal funds to ensure market stability)





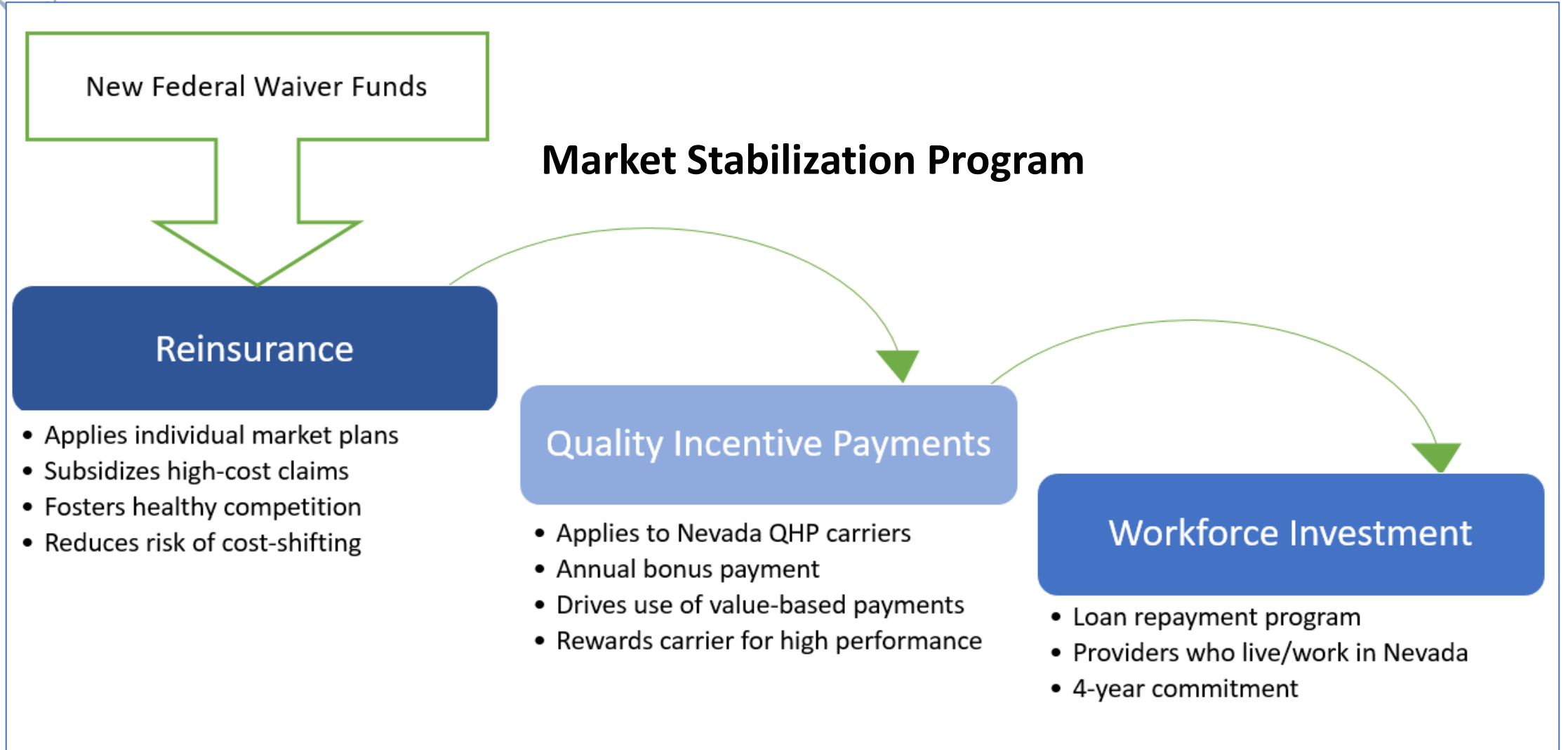
How is this plan different?

- **Medicaid managed care carriers** must offer at least a silver and gold plan today in the SSHIX under contracts; the difference here is the application of **new state requirements** for these SSHIX/QHP plans
- Available **only in the individual market** (SSHIX) which makes up about 3% (100,000+ people) of insurance market and average provider payor mix.
- Waiver application estimates that **83,500 people** will be enrolled in the new plans by Year 5 and **89,100** by year 10.





Governor's Proposal for New Federal Savings





Provider Impact Mitigation

- In addition to **funding reinsurance** to reduce the size of the premium reduction target by half, Governor's Market Stabilization Program includes:
 - Future mechanisms to ensure that bonus payments to carriers are also **shared with network providers** that helped carriers achieve certain quality metrics or outcomes
 - **A waiver process from participation** as a network provider if they can show substantial financial harm is likely to occur (e.g., more than 35-40 percent of their revenues or payor mix is impacted by the BBSP)
 - **Carriers must share the losses in meeting the premium reduction target** each year in their administrative expenses (salaries, overhead, marketing, travel expenses, events, etc.); they cannot solely place the burden on their medical spend (provider reimbursement rates).



Projected New Federal Funds

- Reinsurance would begin in **2027**, applies to all plans in individual market
- Reinsurance model used in analysis had a **\$60,000 attachment** point with a **\$1,000,000 cap**
- Reduces the 15% premium reduction target by **about half**; reducing burden on carriers and therefore network provider rates
- Essentially, state is **subsidizing the premium reduction target**

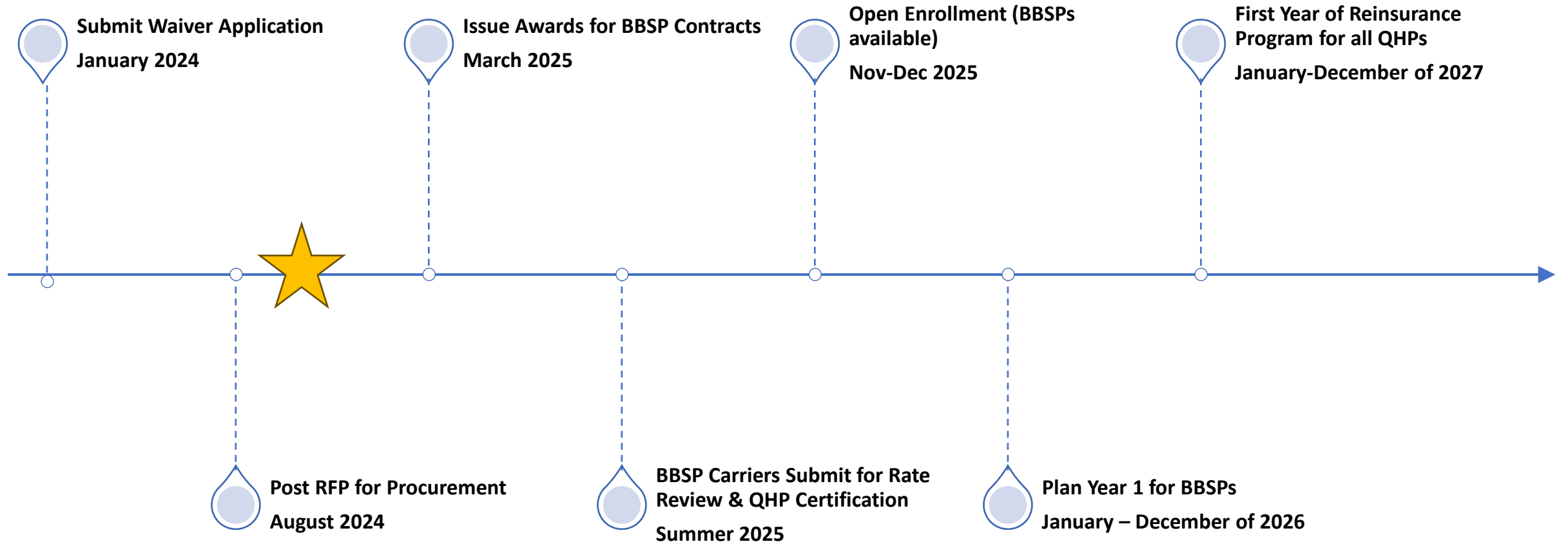
Table 1 State of Nevada NMSP Actuarial and Economic Analysis Projected Pass-Through Funding and Direct Program Costs (in Thousands)					
Year	Pass-Through Funding	Premium Relief Program Costs	Cost of Reinsurance	Net Funding Remaining	Cumulative Net Funding Remaining*
2026	\$15,000	(\$500)	\$0	\$14,500	\$14,500
2027	\$58,000	(\$2,000)	(\$54,000)	\$2,000	\$16,500
2028	\$69,000	(\$2,000)	(\$58,000)	\$9,000	\$25,500
2029	\$81,000	(\$3,000)	(\$62,000)	\$16,000	\$41,500
2030	\$87,000	(\$2,000)	(\$67,000)	\$18,000	\$59,500
2031	\$93,000	(\$2,000)	(\$74,000)	\$17,000	\$76,500
2032	\$99,000	(\$2,000)	(\$80,000)	\$17,000	\$93,500
2033	\$106,000	(\$2,000)	(\$87,000)	\$17,000	\$110,500
2034	\$114,000	(\$3,000)	(\$95,000)	\$16,000	\$126,500
2035	\$122,000	(\$3,000)	(\$104,000)	\$15,000	\$141,500
5-Year Waiver Window	\$310,000	(\$9,500)	(\$241,000)	NA*	NA*
10-Year Deficit Neutrality Window	\$844,000	(\$21,500)	(\$681,000)	NA*	NA*
5-Year Waiver Window – With 10% Margin on PTF and Premium Relief	\$279,000	(\$10,000)	(\$241,000)	NA*	NA*
10-Year Deficit Neutrality Window – With 10% Margin on PTF and Premium Relief	\$760,000	(\$24,000)	(\$681,000)	NA*	NA*

*Remaining funds at year-end are expected to be used for various provider-related initiatives within the next year; no long-term accumulation is expected.

See Milliman Analysis, Updated 1332 Waiver Application for Nevada Market Stabilization Program, 2024.



Program Implementation Timeline





Questions?