

North Dakota Section 1332 Waiver Extension Application Federal Questions and State Responses

Below are North Dakota's responses to additional information as requested by the U.S. Department of Health and Human Services and the Department of the Treasury during review of the state's waiver extension application.

Q1: Recognizing that the 2024 plan year is still ongoing, are there any 2024 data the state is able to share that shed light on the impact of reinsurance in 2024?

- a. For example, the state could extend the "Analysis and Experience on Current 1332 Reinsurance Waiver" table to include 2024, and/or include information recent extension applications have provided that the state should have actuals on (e.g., 2020-2024 % and \$ reinsurance impact on PMPM average or SLCSP premiums, 2020-2024 with-waiver enrollment, and 2020-2024 number of insurers).**

A1: We currently do not have specific data for 2024. Most of the projections were developed using complete data from 2023. Note that 2024 data would not be complete, and additional assumptions would be required to use that as a starting point. Ex: what percentage of claims are completed? What will be the final tax credits received? What will the final earned premium be? Etc.

Q2a: Can the state provide 1-2 sentences on what data and assumptions the state used to develop the 2025-2029 enrollment projections in the application (e.g., what data informed the projection that enrollment will not grow year-over-year)?

A2a: The waiver analysis does describe why enrollment is assumed to be the same, with and without the waiver: "North Dakota does not assume any enrollment growth and also does not assume any change in enrollment, with or without the waiver. Although premiums would increase for consumers if the waiver application is not approved, North Dakota consumers would have to weigh the cost of not having insurance against this increase. The NDID would also take steps to reduce the initial impact on premium rates, such as spreading the impact over multiple years. North Dakota's individual insurance market is small and 50% of the individual market is receiving advanced premium tax credits. This puts a cap on consumer premiums as a percent of their income, with or without the reinsurance waiver (if the consumer purchases the SLCSP)." Also, the projections now do have an adjustment due to Medicaid unwinding.

Q2b: Our question is trying to get at the state's assumptions regarding year-over-year enrollment, not the with- vs. without-waiver enrollment. Can the state discuss the data that informed the projection that enrollment will not change year-over-year?

A2b: North Dakota has seen a significant spike in growth from 2020-2023, which was informed via data provided by the carriers and as described in the waiver application. This spike occurred from a multitude of reasons; grandfathered and transitional plans being discontinued, individuals moving from CHAND to the individual market, and the projections do include an additional adjustment for individuals moving from Medicaid to individual products. (The adjustment for Medicaid Unwinding was based off of data supplied by DHHS.) Given this spike, and the current size of the individual market, it is unlikely that the market will continue to grow and will remain stagnant for a period of time.

Q3: We noticed that the premium reduction due to reinsurance is the same in a given year, regardless of what the PTC schedule looks like (e.g., the premium reduction in 2026 is 13.54% whether or not the enhanced PTC subsidy schedule expires). To clarify, is ND planning on varying the reinsurance program size in order to hit a specific premium target each year? Additionally, to clarify, does the state’s estimated federal savings reflect PTC or APTC savings?

A3: The projections reflect a reduction in pass-through dollars due to the reduction in ATPCs which is shown in the “Estimated 1332 waiver values” (went from 28.4 million to 27.52 million). The reinsurance program is not assumed to change, so the reduction in premium is not assumed to change. There are no specific premium targets. The projections for tax credits are reflective of the past data provided by the carriers.

Q4: Please provide anticipated/estimated dates for when assessments would be levied (if needed) and when carriers are to be reimbursed.

A4: Carriers are reimbursed June of each year. Assessments are not fixed and are based on the results of RAND waiver board meetings. Meetings are typically quarterly so carriers are typically assessed quarterly.

Q5: The state projects an average premium reduction of 13.54% in PY 2025 (application PDF pg. 10). Please clarify if this premium reduction is calculated from the average PMPM, aggregate premiums, or a different metric?

A5: The premium reduction is an aggregate metric and is estimated as an average to the entire individual market. Note that on a PMPM basis the *percentage* amount would be the same as this amount is not varied by plan in North Dakota.