



# Silver State Health Insurance Exchange

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## AGENDA ITEM

For Possible Action

Information Only

**Date:** February 14, 2019  
**Item Number:** VII  
**Title:** Adopting 2020 Carrier Premium Fees

### PURPOSE

The purpose of this report is to provide the Board with information regarding adopting the 2020 Exchange Carrier Premium Fees (CPF) at today’s publicly noticed hearing.

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### ADOPTION OF 2020 CPF FEES

#### *PREVIOUS 2019 FEE:*

On February 15, 2018, the Exchange board voted to set the CPF fees charged to insurance carriers participating on the Exchange for Plan Year 2019 at 3.15% for Qualified Health Plans (QHP), and 3.15% for Standalone Dental Plans (SADP).

*PROPOSED 2020 FEE AND FFM COMPARISON:*

Staff proposes to set the CPF fee for Plan Year 2020 at 3.15% of the pre-subsidized premium generated by QHPs and standalone dental plans sold through the Exchange.

Plan Type	Total Premiums 2018	Projected 8% Decrease in Premiums in 2019	Projected to Remain Flat in Premiums in 2020	Proposed Exchange Rate of Premiums	Carrier Payments at Exchange Rate of 3.15% of Premiums	Carrier Payments at FFM Rate of 3.5% of Premiums (for comparison)
Qualified Health Plan	\$434,255,153	\$399,514,741	\$399,514,741	3.15%	\$12,584,714	\$13,983,016
Standalone Dental Plan	\$2,959,154	\$2,722,421	\$2,722,421	3.15%	\$85,756	\$95,285

*BASIS FOR SETTING PROPOSED FEE:*

The Exchange is required to develop an annual fee which, in the opinion of the Board, allows our agency to perform all duties imposed by state or federal statute without unnecessarily increasing the premiums paid by Nevadans for health plans.

For the past five years, the Exchange has relied upon federal technology and infrastructure to assist in the enrollment of our consumers. For Plan Year 2017, CMS issued a Notice of Benefit and Payment Parameters which sets user fees for state-based marketplaces which utilize the federal eligibility and enrollment infrastructure at 1.5% of the pre-subsidized premium generated by QHPs and SADPs sold through the Exchange. For Plan Year 2018, CMS set the user fee at 2%, and subsequently at 3% for Plan Year 2019.

Staff has reviewed our legislatively approved budget, existing and projected cash reserves, the most recent enrollment figures, historical year-to-year premium adjustments, and anticipated expenses to develop the recommended fee of 3.15% of the pre-subsidized premium generated by QHPs and SADPs sold through the Exchange. We believe this fee allows the Exchange to not simply survive but to continue its important work. Moreover, our fee structure will remain significantly lower than that of the federally facilitated marketplace and would be projected to save Nevada's consumers nearly \$1.4 million annually, assuming that CMS is somehow able to maintain the federal assessment at 3.5% over the coming years.

*CALCULATION OF ADEQUACY OF PROPOSED FEE:*

The proposed fee is based upon a combination of actual and projected numbers. Actual premiums reported to the Exchange for Plan Year 2018 are the foundation for our proposed rate.

In order to conservatively forecast future revenues, an 8% decrease in premiums for Plan Year 2019 was applied, with premiums remaining flat for Plan Year 2020. Similar projections have been developed for Calendar Years 2021 and 2022 to assure data and calculation consistency with prior year results.

Future expenses were modeled using standard state methodologies. Technology transition and call center costs began in Plan Year 2018 with the approval of the GetInsured contract at the August 14, 2018 Board of Examiners Meeting. Based on current projections, the transition costs in 2018 and 2019 are .09% and .84% of pre-subsidized premiums respectively. Maintenance and operation costs to operate the technology platform and associated call center will begin in Plan Year 2020 at a flat fee of \$5,155,555, or approximately 1.28% of premiums compared to 3% of premiums if the Exchange remained on the federal platform.

Staff believes that holding the 3.15% fee steady for the fourth year in a row provides the Exchange with the ability to meet budgetary requirements, ensures the sustainability of the agency, and keeps costs down for carriers and Nevadans respectively - all the while staying well below the FFM fee of 3.5% (a reduction of 10%).