



# Silver State Health Insurance Exchange

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## AGENDA ITEM

**For Possible Action**

**Information Only**

**Date:** January 22, 2020  
**Item Number:** VII  
**Title:** Adopting 2021 Carrier Premium Fees

### PURPOSE

The purpose of this report is to provide the Board with information regarding adopting the 2021 Exchange Carrier Premium Fees (CPF) at today’s publicly noticed hearing.

### CONTENTS

PURPOSE .....	1
CONTENTS .....	1
ADOPTION OF 2021 CPF FEES.....	1
PREVIOUS 2020 FEE: .....	1
PROPOSED 2021 FEE AND FFM COMPARISON:.....	2
BASIS FOR SETTING PROPOSED FEE: .....	2
CALCULATION OF ADEQUACY OF PROPOSED FEE: .....	2

### ADOPTION OF 2021 CPF FEES

#### *PREVIOUS 2020 FEE:*

On February 14, 2019, the Silver State Health Insurance Exchange (Exchange) board voted to set the CPF fees charged to insurance carriers participating on the Exchange for Plan Year (PY) 2020 at 3.15% for Qualified Health Plans (QHP), and 3.15% for Standalone Dental Plans (SADP).

*PROPOSED 2021 FEE AND FFM COMPARISON:*

Staff proposes to set the CPF fee for PY 2021 at 3.05% of the pre-subsidized premium generated by QHPs and SADPs sold through the Exchange.

Plan Type	Total Premiums 2019	Projected to Remain Flat in Premiums in 2020	Projected to Remain Flat in Premiums in 2021	Proposed Exchange Rate of Premiums	Carrier Payments at Exchange Rate of 3.05% of Premiums	Carrier Payments at FFM Rate of 3.0% of Premiums (for comparison)*
Qualified Health Plan	\$407,338,158	\$407,338,158	\$407,338,158	3.05%	\$12,423,814	\$12,220,415
Standalone Dental Plan	\$2,910,259	\$2,910,259	\$2,910,259	3.05%	\$88,763	\$87,308

\* In April 2019, CMS lowered the user fee rate for QHPs on the Federally-facilitated Exchanges (FEEs) from 3.5% to 3.0% of premiums beginning in PY 2020.

*BASIS FOR SETTING PROPOSED FEE:*

The Exchange is required to develop an annual fee which, in the opinion of the Board, allows the 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 consumers. In September 2019, the Exchange officially transitioned technology and call center functionality off of HealthCare.gov and began operations as a fully autonomous State Based Exchange (SBE) for PY 2020 open enrollment.

Staff reviewed the 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 3.05% of pre-subsidized premiums generated by QHPs and SADPs sold through the Exchange.

This lower fee allows the Exchange to continue its important work, while providing a lower assessment to carriers, who have the option of passing the savings on to consumers in the form of lower premiums. Moreover, the proposed fee structure will remain in line with fees charged by the federally facilitated marketplace, and would be projected to save Nevada’s consumers over \$5.0 million annually, assuming that CMS is somehow able to maintain the federal assessment at 3.0% 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 2019 are the foundation for the proposed rate.

In order to conservatively forecast future revenues, actual premiums for PY19 were applied, with projected premiums remaining flat for PY 20. 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 incurred in PY 19 totaled \$2,679,814, equating to 0.65% of PY 19 pre-subsidized premiums. Beginning in PY 20, the Exchange will incur maintenance and operation costs to operate the technology platform and associated call center, at a flat annual fee of \$5,155,555. These costs are approximately 1.26% of premiums, compared to 2.5% of premiums if the Exchange remained on the federal platform.

The CPF for PY 2020 was approved by the Exchange's Board in February 2019 and was set at 3.15% of premiums. The Exchange has realized efficiencies and cost savings as a result of the transition to a SBE, thus the Exchange is proposing a reduction in CPF to 3.05% of premiums for PY 2021.

This reduction will ensure the sustainability of continued Exchange operations, while keeping costs down for carriers and Nevadans respectively.