



# Silver State Health Insurance Exchange

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## AGENDA ITEM

**For Possible Action**

**Information Only**

**Date:** February 16, 2023  
**Item Number:** VII  
**Title:** Adopting 2024 Carrier Premium Fees

### PURPOSE

The purpose of this report is to provide the Board with information regarding adopting the 2024 Exchange Carrier Premium Fees (CPF) at today’s publicly noticed hearing.

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### ADOPTION OF 2024 CPF FEES

#### *PREVIOUS 2023 FEE:*

On February 24, 2022, 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) 2023 at 3.05% for Qualified Health Plans (QHP), and 3.05% for Standalone Dental Plans (SADP).

*PROPOSED 2024 FEE AND FFM COMPARISON:*

Staff proposes to set the CPF fee for PY 2024 unchanged at 3.05% of the pre-subsidized premium generated by QHPs and SADPs sold through the Exchange.

Plan Type	Total Premiums 2022	Projected to Decrease in Premiums in 2023	Proposed Exchange Rate of Premiums	Carrier Payments at Exchange Rate of 3.05% of Premiums	Carrier Payments at FFM Rate of 2.25% of Premiums (for comparison)*
Qualified Health Plan	\$549,112,391	\$544,114,179	3.05%	\$16,595,482	\$12,242,569
Standalone Dental Plan	\$4,530,079	\$4,205,514	3.05%	\$128,268	\$94,624

\* In January 2021, CMS lowered the user fee rate for QHPs on the Federally-facilitated Exchanges (FFEes) from 3.0% to 2.25% of premiums beginning in PY 2022 and continuing in PY 2023.

*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.

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. The Exchange transitioned from the federal platform to a SBE in part to remove the budgetary uncertainty that results from the annually fluctuating CMS user fee.

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.

Staff believes remaining at 3.05% for another year will allow the Exchange to continue its important state-based work at unchanged fees from last year, while continuing to respond quickly and effectively to the challenges presented by the Public Health Emergency and forthcoming federal and state rule changes that will require modifications to existing technology. These technology improvements will increase costs.

Moreover, the proposed fee structure not only allows for increased transparency, it also provides increased budgetary stability and greater detail about the share of costs associated with the operations of a SBE in the face of uncertain future federal and state rule changes.

*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 2022 are the foundation for the proposed rate.

In order to forecast future revenues, actual premiums for PY 22 were applied, with projected premiums decreasing for PY 23. Similar projections have been developed for Calendar Years 2024 and 2025 to assure data and calculation consistency with prior year results.

Future expenses were modeled using standard state methodologies. Technology platform and call center costs incurred in PY 22 totaled \$5,620,057 equating to 1.02% of PY 22 premiums. During PY 22, the Exchange was managing Open Enrollment (OE) record breaking numbers due to extensive system changes and rules to the eligibility and enrollment platform necessary to provide immediate relief to Nevadans facing economic hardships because of the public health emergency due to the passage of the American Rescue Plan Act (ARPA) in March of 2021. The passage of ARPA catalyzed additional enhancements to the technology platform to accommodate the increases in Advanced Premium Tax Credits (APTC) to consumers and the expansion of subsidies to consumers at or above 400% of the Federal Poverty Level (FPL). These enrollment numbers are inclusive of the expanded Open Enrollment Period which extend OE to January 15 each year. These maintenance and operation costs equate to approximately 1.02% of premiums, compared to 2.25% of premiums had the Exchange remained on the federal platform.

The CPF for PY 2023 was approved by the Exchange's Board in February 2022 and was set at 3.05% of premiums. Due to the uncertainties faced from the Public Health Emergency and future state and federal rule changes, the Exchange is proposing CPF remain unchanged at 3.05% of premiums for PY 2024.