

# Actuarial Services Contract – Option Year 1

Presented by:

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# Background

- At the June 18, 2019 Board of Trustees meeting, the Board approved a contract with Lewis & Ellis for a one year Not-to-Exceed (NTE) base amount of \$101,250.00, and two one-year optional renewals, for a total NTE of \$303,750.00.
- At the April 20, 2020 Board of Trustees meeting, the Board approved an increase in the base year Actuarial Services Contract NTE by \$30,000, to \$131,250.00 (total contract NTE increase from \$303,750 to \$333,750) to accommodate a study to support finalization of 2021 reinsurance program parameters.
  - Base Term, July 1, 2019-June 30, 2020 - \$131,250.00
  - Option Year 1, July 1, 2020-June 30, 2021 - \$101,250.00
  - Option Year 2, July 1, 2021-June 30, 2022 - \$101,250.00

# Option Year 1 Projected Budget

Anticipated Option Year 1 Activities	Cost
1. SHOP Waiver - Part 1 Analysis	\$18,675.00
2. Individual Subsidies Analysis (SB124)	\$62,043.75
<i>a. Work performed in base year</i>	<i>\$50,118.75</i>
<i>b. Work to finalize in option year 1</i>	<i>\$11,925.00</i>
3. 2022 Reinsurance/Risk Adjustment Study	\$43,650.00
<b>Fiscal Year 2021 Projected Total</b>	<b>\$124,368.75</b>
Option Year 1 NTE	\$101,250.00
Recommended NTE Increase	\$23,750.00
Recommended New NTE	\$125,000.00
	<i>Federal</i> \$43,650.00
	<i>State</i> \$81,350.00

# Individual Subsidy Study – Specific Requirements

1. Experiences of state-based individual market subsidies in other states, particularly those with a reinsurance program;
2. Effect the Easy Enrollment Program has had on the uninsured rate and risk pool in the individual market;
- 3. Population that would be the target of the State-based individual market subsidies, including age and income level;**
- 4. Number of individuals currently enrolled in the individual market who would be eligible for State-based subsidies;**
- 5. If young adults would be the intended target of the State-based subsidies, whether State-based subsidies alone will encourage more young adults to enroll in the individual market and whether cost-sharing reductions will be necessary;**
- 6. Average amount of individual market subsidies needed for a State-based subsidy program to effectively cover more individuals and lower the risk of the individual market pool;**

# Individual Subsidy Study – Specific Requirements

- 7. Amount of State-based individual market subsidy funding needed to reduce rates in the individual market by 1% and 5%;**
- 8. Estimate of the impact that funding for State-based individual market subsidies will have on the availability of funds for reinsurance in the individual market, using actual State liability for the State Reinsurance Program for the 2019 benefit year;**
- 9. Appropriate allocation of available funding for reinsurance and State-based individual market subsidies that will maximize enrollment and affordability in the individual market;**
- 10. Staffing and infrastructure needs to administer a State-based individual market subsidy program; and**
- 11. Impact additional State-based individual market subsidies will have on federal subsidies and whether the State will need to amend its current State Innovation Waiver under § 1332 of the Affordable Care Act or request an additional waiver.**

# Board Action Required

MHBE requests the Board's approval to:

- Exercise option year 1 of the Actuarial Services Contract, and
- Increase the option year 1 Actuarial Services Contract NTE by \$23,750.00, to \$125,00.00.