

2025 Estimated Reinsurance Parameters

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February 20, 2024

SRP Parameters - Regulatory Requirements

COMAR 14.35.17.04

B. Each year the Board shall set the payment parameters for the State Reinsurance Program by determining the following factors:

- (1) An attachment point;
- (2) A coinsurance rate;
- (3) A reinsurance cap; and
- (4) A market-level dampening factor provided by the Commissioner, if determined necessary by the Board.

C. For each benefit year after 2019, the Board shall set the estimated payment parameters for the State Reinsurance Program on or before April 1 of the calendar year preceding the applicable plan year.

D. For each benefit year after 2019, the Board shall set the final payment parameters for the State Reinsurance Program before December 31 of the calendar year preceding the applicable plan year.

Calendar Year 2024 SRP Key Dates

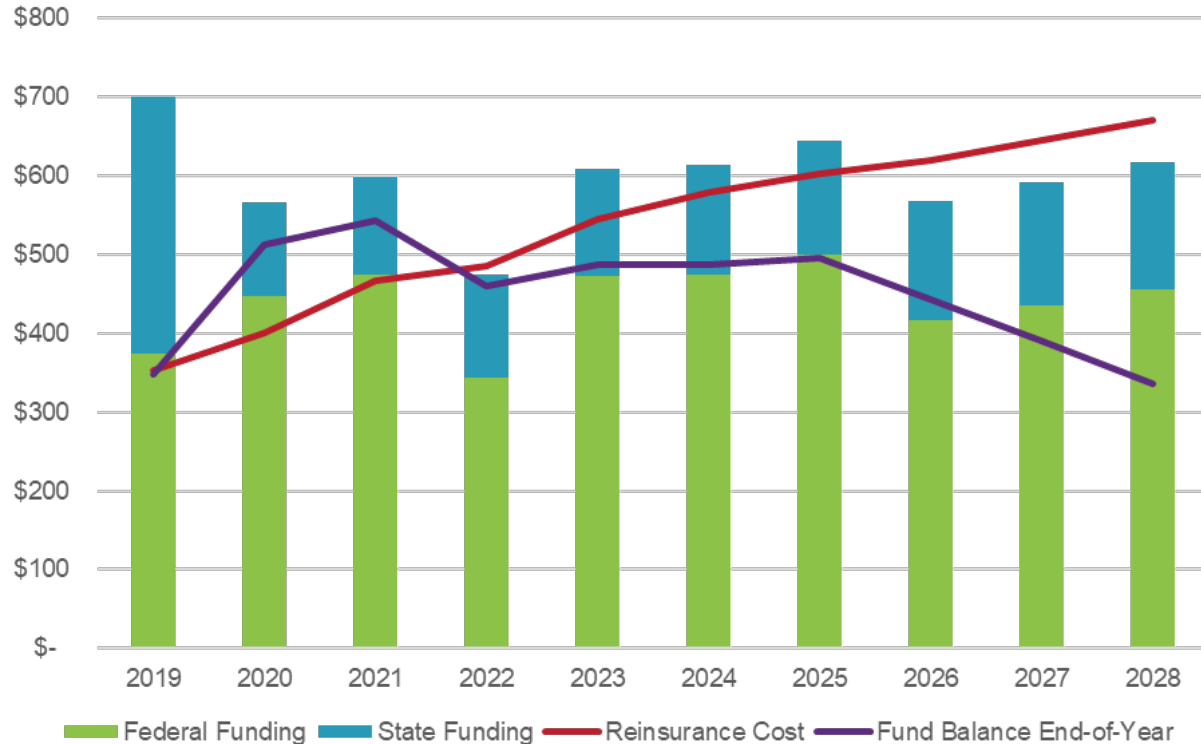
February 20, 2024	MHBE Board	Set estimated 2025 SRP parameters.
Spring 2024	CMS	Publish estimated and final 2024 pass-through funding
May 22, 2023	MIA	2024 Rate Filing Deadline
May 2024	MIA CMS MHBE Policy	Proposed 2025 rates due Shares unadjusted 2023 SRP carrier payment amounts Carriers submit 2023 and emerging 2024 data
June 30, 2024	MHBE Policy	2023 Carrier SRP Accountability Reports due
Early July 2024	MHBE Policy	Finalize recommended 2025 SRP parameters
July 15, 2024	MHBE Board	Set final 2025 SRP parameters.
Mid-August – Early September	MIA	2025 rates finalized
September 2024	MHBE	Issuers receive SRP payments for 2023 claims experience

Estimated 2025 SRP Parameters – Staff Recommendation

- For the purposes of 2025 rate filing, MHBE staff recommend an attachment point of \$21,000, coinsurance rate of 80%, and cap of \$250,000.
- MHBE staff recommend that the Board again determine that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019-2022	Final 2023	Final 2024	Estimated 2025
Attachment Point	\$20,000	\$18,500	\$20,000	\$21,000
Coinsurance Rate	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	0.760-0.805	0.840	0.850	TBD

July 2023 SRP Funding Projections with 2025 Attachment Point of \$21,000



- Projections assume attachment point increases by \$1000 annually starting in 2025; enhanced federal subsidies end in 2025.
- Reflected in end-of-year balance, but not otherwise shown: \$219M removed from state SRP fund for other programs across FY21-25, and est. \$68M for Young Adult Subsidy across FY22-26.

Summary of Next Steps

- 1. Feb. 20:** Board sets estimated 2025 reinsurance parameters to inform rate filings due in May
- 2. February-March:** 30-day public comment period on estimated reinsurance parameters, excluding dampening factor
- 3. May:** Carriers submit 2023 and emerging 2024 claims data; MHBE and MIA analyze in May and June to recommend final 2025 reinsurance parameters
- 4. July:** Board sets final 2025 reinsurance parameters

Request to Approve 2025 Estimated State Reinsurance Program Parameters

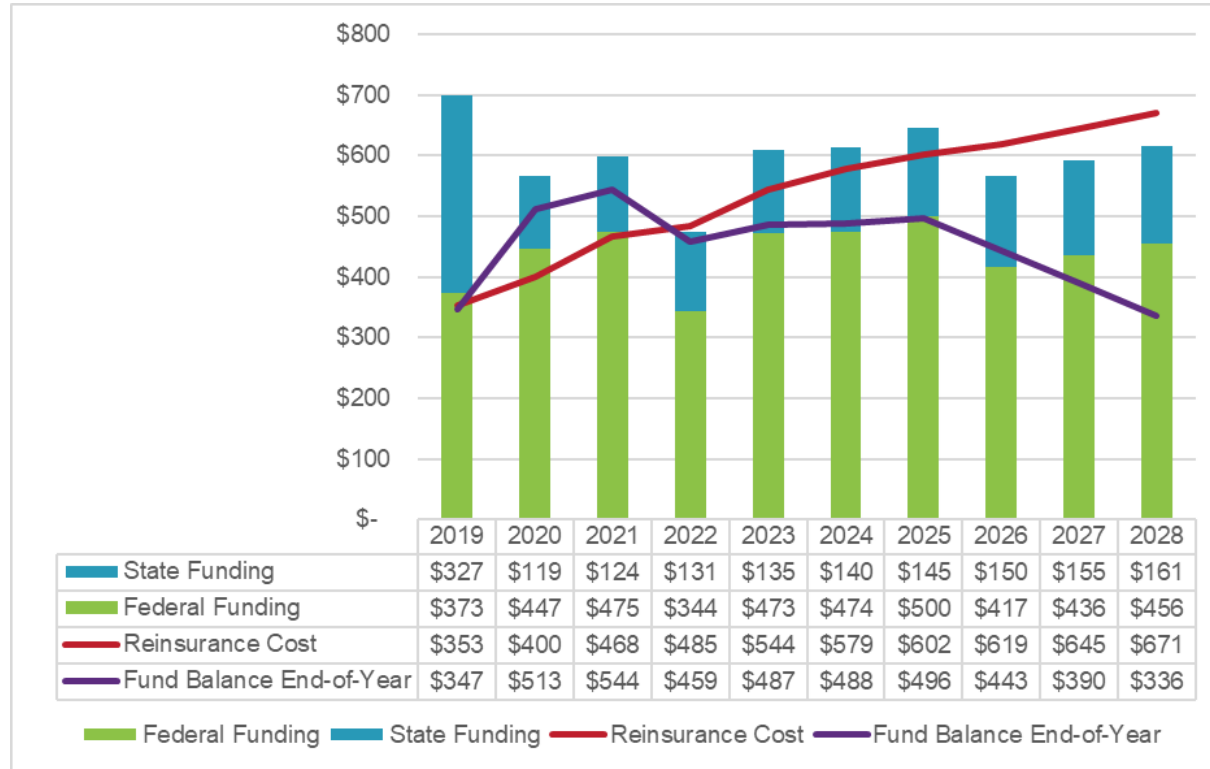
MOTION: I move to [approve/defer/reject] the estimated parameters for the 2025 State Reinsurance Program [as presented] or [as amended], with:

- an attachment point of \$21,000,
- a coinsurance rate of 80%,
- a cap at \$250,000, and
- a dampening factor to be provided by the Insurance Commissioner.



Appendix

July 2023 SRP Funding Projections with 2025 Attachment Point of \$21,000



- Projections assume attachment point increases by \$1000 annually starting in 2025; enhanced federal subsidies end in 2025.
- Reflected in end-of-year balance, but not otherwise shown: \$219M removed from state SRP fund for other programs across FY21-25, and est. \$68M for Young Adult Subsidy across FY22-26.