

## Impact of Reinsurance Program Rate Increase Mitigation on Subsidized Enrollee Premium Costs

A lower rate increase mitigates both the net premium increase for enrollees in plans that are higher cost than the SLCSP benchmark and the net premium decrease for enrollees in plans that are lower cost than the SLCSP benchmark.

This is beneficial to subsidized enrollees insofar as it allows enrollees in richer benefit plans greater ability to stay in those plans, and increases customer choice by providing greater opportunity for subsidized enrollees to buy up to richer benefit plans.

### A. Summary of Customer Impact

An increase in the SLCSP premium rate results in a corresponding increase in the dollar value of the APTC that subsidized enrollees are eligible for.

For an enrollee in a plan that is higher cost than the SLCSP, the increase in the cost of the plan is not fully offset by the increased APTC and there is an increase in the net premium for that plan.

For an enrollee in a plan that is lower cost than the SLCSP, the increased APTC results in a reduction in net premium for that plan.

A lower rate increase results in less significant net premium increases and less significant net premium reductions.

The impact of a mitigated rate increase on the 2018 Exchange subsidized population can be summarized as below:

	# Enrolled (Apr-18)	% Subsidized	Impact	
Individuals enrolled in plans that are higher cost than the SLCSP	6,169	23%	++	Reduced net premium increase
Individuals enrolled in the SLCSP	5,646	21%	no change	No change in net premium
Individuals enrolled in silver + gold plans that are lower cost than the SLCSP	11,290	42%	-/+	Minimally reduced net premium decrease; increased choice
Individuals enrolled in bronze plans that are lower cost than the SLCSP	3,664	14%	-/+	Reduced net premium decrease; increased choice
	<b>26,769</b>	<b>100%</b>		

### B. Reinsurance Scenario: Net Premium Change Details

The "with reinsurance" base scenario assumes a baseline 20% premium increase is reduced by 10% as a result of a reinsurance program, resulting in a 10% rate increase

Detail: Net Premium Change for Subsidized Individuals at Example Ages under the Without Reinsurance Scenario vs. the With Reinsurance Scenario

Without Reinsurance: Baseline rate increase of 20% across plans

Age	SLCSP Net Premium PMPM Change	Maximum Net Premium PMPM Increase	Most Popular Net Premium PMPM Decrease	Maximum Net Premium PMPM Decrease
26	\$0.00	\$24.24	-\$3.77	-\$18.11
40	\$0.00	\$30.25	-\$4.70	-\$22.61
64	\$0.00	\$71.01	-\$11.04	-\$53.06
		Gold	Silver	Bronze

With Reinsurance: Mitigated rate increase of 10% across plans

Age	SLCSP Net Premium PMPM Change	Maximum Net Premium PMPM Increase	Most Popular Net Premium PMPM Decrease	Maximum Net Premium PMPM Decrease
26	\$0.00	\$12.12	-\$1.88	-\$9.06
40	\$0.00	\$15.13	-\$2.35	-\$11.30
64	\$0.00	\$35.50	-\$5.52	-\$26.53
		Gold	Silver	Bronze

### C. Additional Considerations

- For older subsidized individuals enrolled in bronze plans, there is a high likelihood that the plan is free (\$0 net premium), which would remain true in both of the scenarios shown. This is also a possibility for younger individuals, depending on their household income (with the availability of a \$0 bronze plan increasing at the lower FPL levels). This would blunt the possible impact shown for lower-income enrollees in bronze plans given that the plan is currently \$0 and would remain \$0.
- For simplicity, the results depicted above assume that rate increases are consistent across plans; variation in the rate increases filed by plan would result in differential impacts by plan that can not be analyzed until rates are filed.