

PENNSYLVANIA – REINSURANCE WAIVER MODELING UPDATE

September 12, 2024

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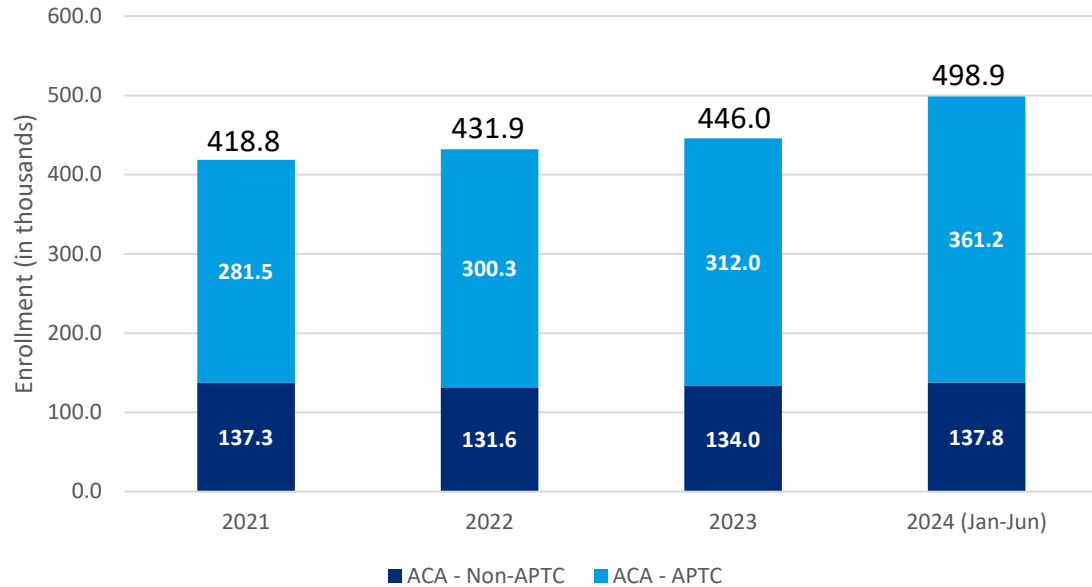
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MARKET OVERVIEW AND OBSERVATIONS

INDIVIDUAL ACA ENROLLMENT HAS INCREASED BY APPROXIMATELY 19% BETWEEN 2021 AND JUNE 2024

AVERAGE MONTHLY INDIVIDUAL ACA MARKET ENROLLMENT



PROPORTION OF ACA MEMBERS RECEIVING APTCS

2021	2022	2023	2024 (Jan-Jun)
67.2%	69.5%	70.0%	72.4%

PROPORTION OF ACA MEMBERS ENROLLING THROUGH THE EXCHANGE

2021	2022	2023	2024 (Jan-Jun)
76.3%	78.4%	80.1%	82.4%

- January-June 2024 enrollment is based on data received from the carriers
- The observed increase is likely driven in large part due to the implementation of the ARPA/IRA enhanced subsidies in 2021, and for 2023 and 2024 the impact of Medicaid disenrollment

Sources: Carrier data call responses, marketplace enrollment reports, effectuated enrollment reports, risk adjustment reports, and publicly available data on Medicaid disenrollment numbers

THE PROPORTION OF INDIVIDUAL ACA MEMBERS IN GOLD AND 94% CSR PLANS HAS INCREASED EACH YEAR BETWEEN 2022 AND 2024

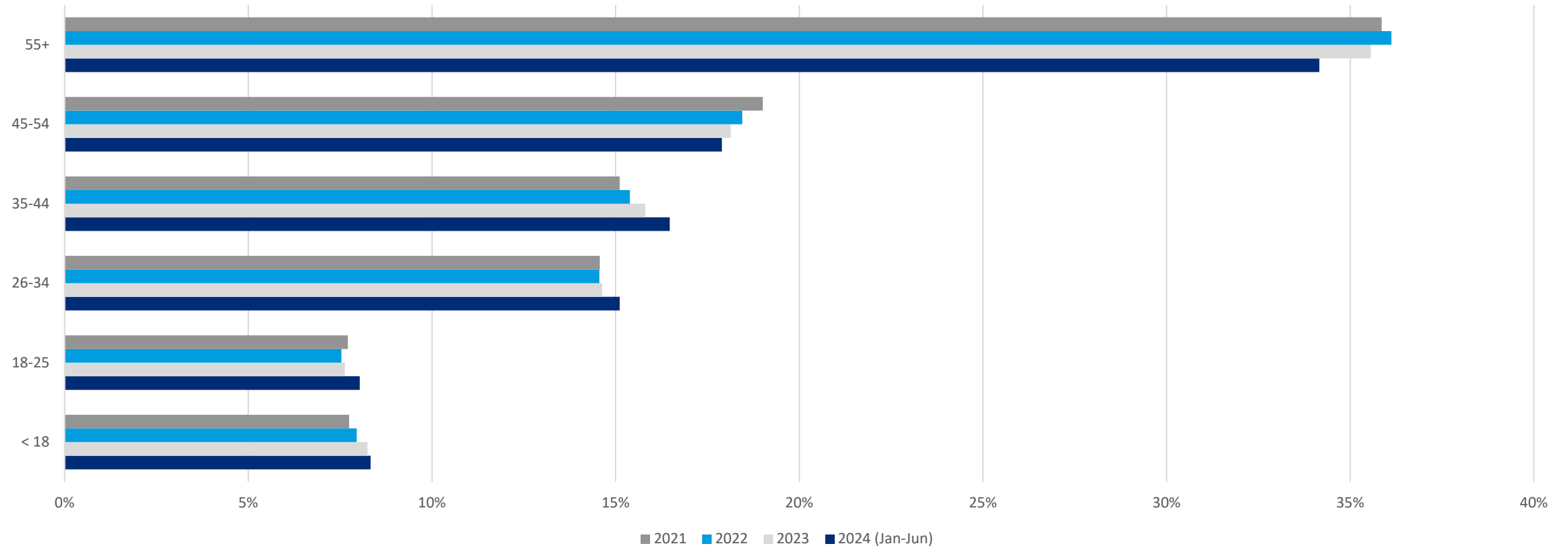
DISTRIBUTION OF INDIVIDUAL ACA MARKET ENROLLMENT BY METAL LEVEL

Metal Level	2022	2023	Jan-Jun 2024
Platinum	0.0%	0.0%	0.0%
Gold	36.3%	40.6%	42.7%
Silver	39.4%	35.8%	34.2%
<i>Base Silver</i>	14.0%	12.1%	9.6%
<i>73% CSR</i>	3.5%	2.7%	2.2%
<i>87% CSR</i>	11.2%	9.7%	9.1%
<i>94% CSR</i>	10.6%	11.3%	13.3%
Bronze	23.8%	23.3%	22.8%
Catastrophic	0.4%	0.3%	0.3%

Source: Carrier data call responses

THE DISTRIBUTION OF ENROLLMENT BY AGE HAS CHANGED VERY LITTLE BETWEEN 2021 AND YTD JUNE 2024

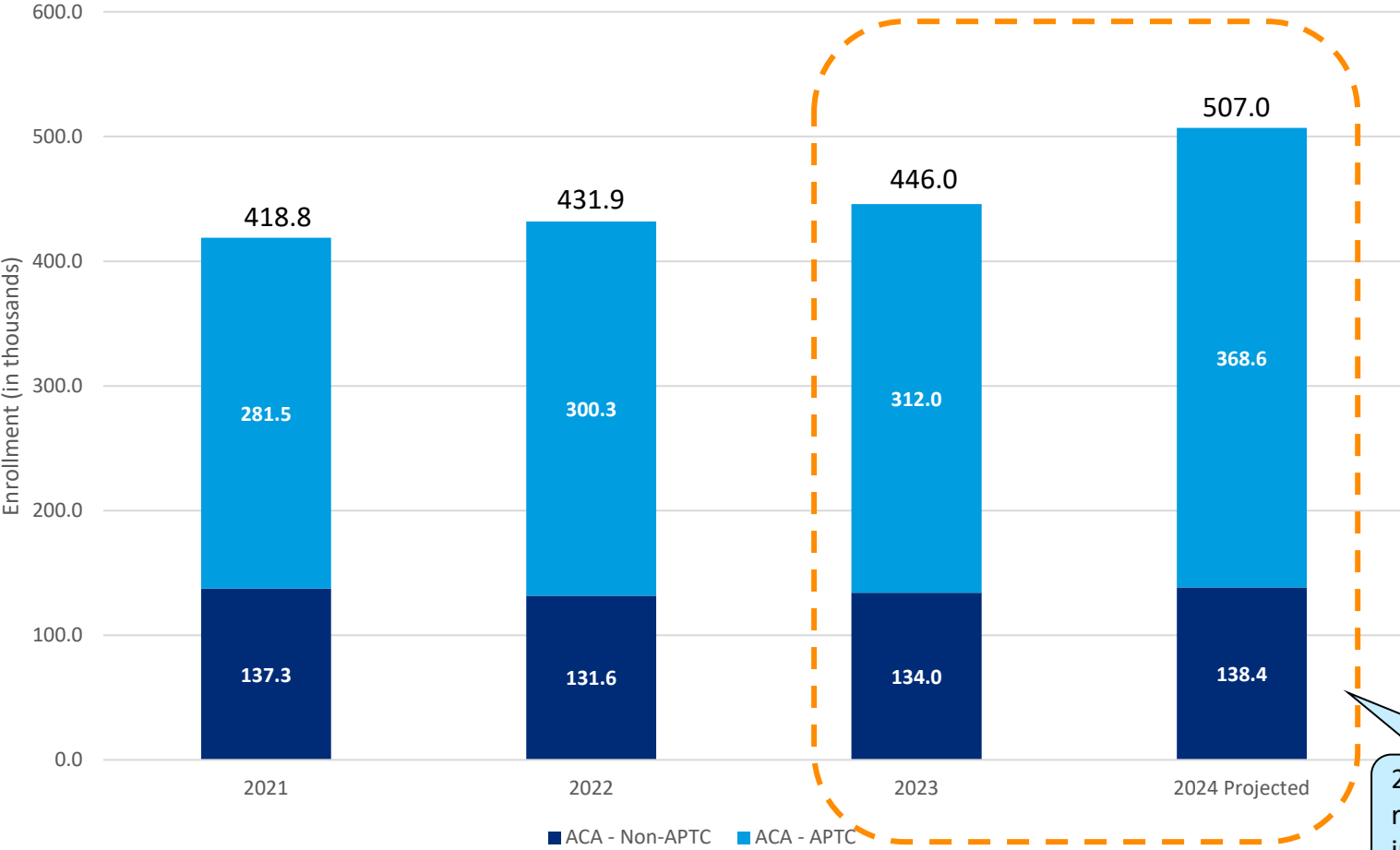
DISTRIBUTION OF INDIVIDUAL ACA MARKET ENROLLEES BY AGE



Sources: Carrier data call responses

INDIVIDUAL ACA ENROLLMENT IS PROJECTED TO INCREASE SIGNIFICANTLY IN 2024 RELATIVE TO 2023, PRIMARILY DUE TO THE IMPACT OF MEDICAID REDETERMINATIONS

AVERAGE MONTHLY INDIVIDUAL ACA MARKET ENROLLMENT



- The 2024 projected enrollment is based on carrier data through June 2024
 - The YTD June 2024 figures have been completed based on 2022 monthly enrollment patterns
- The 2024 projected enrollment for the 2025 reinsurance parameter development was 368.3k APTC and 142.5K Non-APTC

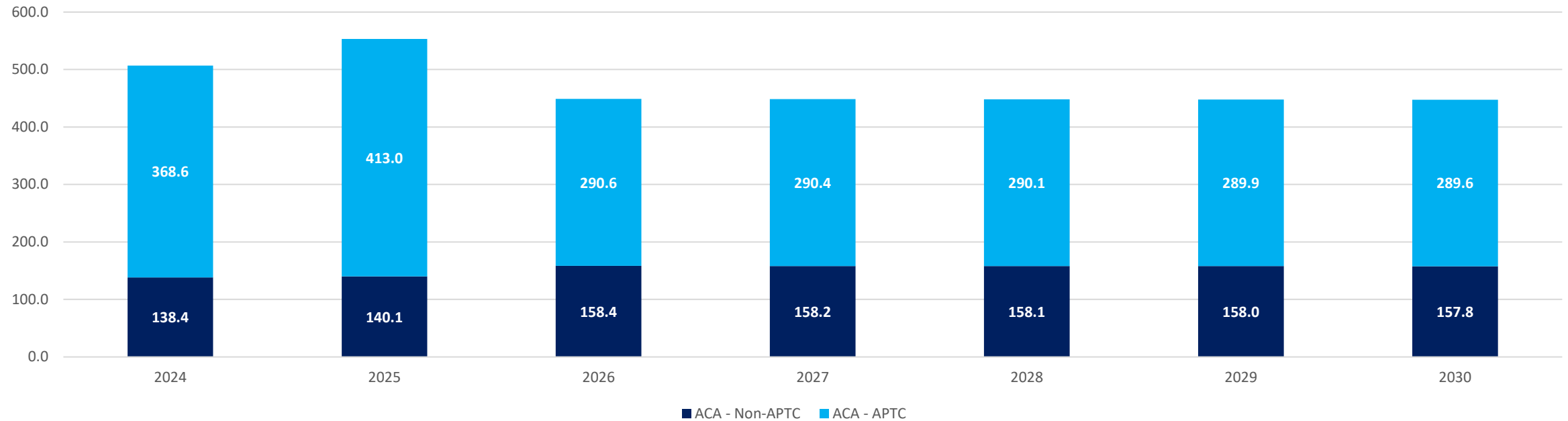
2024 results represent projected information

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PRELIMINARY MODELING RESULTS THROUGH 2030

INDIVIDUAL ACA ENROLLMENT IS PROJECTED TO DECREASE ABOUT 19% IN 2026 DUE TO THE END OF IRA ENHANCED SUBSIDIES

INDIVIDUAL ACA MARKET ENROLLMENT



- Modeled results include the following assumptions:
 - IRA enhanced subsidies will end after 2025
 - This has resulted in a modeled decline in enrollment and a shift of membership from APTC to non-APTC
 - A morbidity adjustment of 3.8% has been applied for 2026 to reflect an assumption that the morbidity of the single risk pool will increase due to lower enrollment volumes
 - Future premium rates underlying the modeling equal 2025 premium rates adjusted to reflect anticipated rate changes based on an annual trend assumption of 6.5%
 - CSR loading continues to apply as it was utilized in the development of the 2025 rates (i.e., to on-Exchange Silver plans only)

THE REINSURANCE PROGRAM AT A 60% COINSURANCE RATE IS PROJECTED TO COST PENNSYLVANIA APPROXIMATELY \$72.6M IN 2026

	2025 w/ 60% Reins.	2025 w/o Reins.	2026 w/ 60% Reins.	2026 w/o Reins.	2027 w/ 60% Reins.	2027 w/o Reins.	2028 w/ 60% Reins.	2028 w/o Reins.	2029 w/ 60% Reins.	2029 w/o Reins.	2030 w/ 60% Reins.	2030 w/o Reins.
Reinsurance Pool Cost (\$M)	\$223.1		\$200.3		\$213.1		\$226.8		\$241.3		\$256.7	
PTC Spending (\$M)	\$2,526.7	\$2,687.4	\$2,007.9	\$2,135.5	\$2,149.8	\$2,286.0	\$2,301.4	\$2,446.6	\$2,463.9	\$2,619.0	\$2,638.3	\$2,803.7
PTC Savings (\$M)	\$160.6		\$127.6		\$136.2		\$145.3		\$155.0		\$165.4	
Pass Through % of Total Cost	72%		64%		64%		64%		64%		64%	
Net Cost to PA (\$M)	\$62.5		\$72.6		\$76.9		\$81.5		\$86.3		\$91.3	

- The Net Cost to Pennsylvania increases from 2025 to 2026
 - The shift in members from ATPC to non-ATPC in 2026 decreases the expected PTC savings significantly; the overall membership loss partially offsets the change in cost by decreasing the overall reinsurance pool cost
- Pennsylvania will need to decide what size reinsurance program will be reflected in the 1332 Waiver Renewal
 - Our understanding is that Pennsylvania is not tied to this decision for future years and can make changes when the reinsurance is actually implemented in those years

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