

# DIVISION OF INSURANCE

## Senate Finance Committee Overview



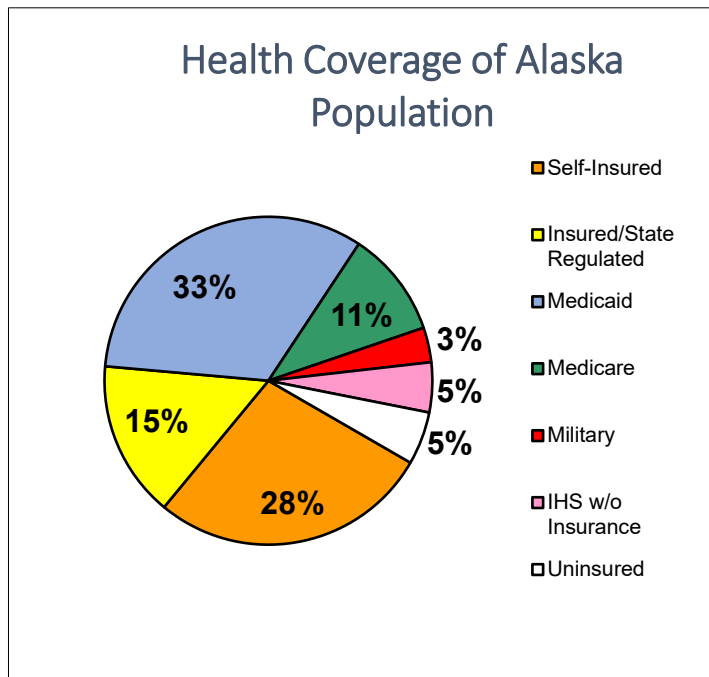
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DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

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# What does Alaska look like with so many payers?



Self-Insured	211,895
Insured	118,205
Medicaid	252,100
Medicare	80,200
Military	26,270
Indian Health Service without Insurance	37,690
Uninsured	40,000
<b>Total</b>	<b>766,360</b>

Population exceeds total Alaska population due to double-covered individuals.

Data from various sources, including the Kaiser Family Foundation, 2023 Population and the Alaska Division of Insurance Annual Report.



# Eyes on Washington, D.C.

Working with the Department of Health, we are continually monitoring the proposed actions coming from Washington, D.C.

- Section 1332 Waivers - Alaska Reinsurance Program
- Advanced Premium Tax Credits
- Enhanced Advanced Premium Tax Credits
- Cost Sharing
- Work Requirements - Medicaid
- Changes to Medicare and impact to Alaska's health care system
- Changes to the Individual Market and/or Medicaid due to Federal layoffs or buyouts



# Affordable Care Act - 2010

- The Affordable Care Act, passed by Congress in 2010, the full ACA Market Reforms became effective in 2014.
- As this was a new program that did not allow underwriting to consider lifestyle or preexisting conditions, many states found that the rates that were approved for the 2014 year were insufficient. Alaska was amongst those states.
- In Alaska, rates were significantly increased for 2015 but even with the increase, insurers were hesitant to commit to remaining in Alaska – a solution needed to be found to stabilize the market.



# The ACA Individual Market Rates - History

	Premera	Moda	Average
2014	New	New	
2015	37.2%	27.4%	32.1%
2016	38.7%	39.6%	39.3%
2017	7.3%	N/A	7.3%
2018	-22.4%	N/A	-22.4%
2019	-6.5%	N/A	-6.5%
2020	0.0%	New	0.0%
2021	-7.1%	0.7%	-6.4%
2022	4.4%	1.6%	3.7%
2023	19.5%	12.1%	18.4%
2024	16.7%	15.72%	16.4%
2025	15.8%	19.85%	16.9%



# The Alaska Reinsurance Program

- Due to market conditions, the legislature passed HB374 which funded the program for one year with a \$55 million appropriation under the condition that the division seek a Section 1332 State Innovation Waiver for future funding from the United States Department of Health and Human Services/Centers for Medicare and Medicaid and the United States Department of Treasury.
- The waiver was reliant upon the Advanced Premium Tax Credits (APTC), provided in the Affordable Care Act.
- The Affordable Care Act provided that enrollees in the individual market would be subsidized, based on their income. As it was based on income, some enrollees were 100% subsidized and some were subsidized at a lesser amount.



# The Alaska Reinsurance Program

- The concept of the Alaska Reinsurance Program (ARP) identifies 33 high risk conditions, that would be paid by the program, thereby removing the claims from the insurer.
- Going forward, this would reduce the premiums that the insurer would need to pay claims and, at the same time, reduce the amount of the federally funded Advanced Premium Tax Credits.
- If we could demonstrate that this was possible, would the federal government allow us to use the difference to fund the Alaska Reinsurance Program?



# How the ARP funding works

	Alaska
Projected 2024 APTC without waiver	\$343,804,489
Projected 2024 APTC with waiver	\$228,747,896
Projected 2024 APTC savings	\$115,056,593
Total 2024 PTC subsidy/APTC	98.25%
Projected total PTC subsidy savings	\$112,966,100

Source: Centers for Medicare and Medicaid Services

- Advanced Premium Tax Credits (APTC)
- Premium Tax Credits (PTC)





# Advanced Premium Tax Credits (APTC)

- The Affordable Care Act requires a percentage payment from enrollees for a silver plan based on their household income and size, which determines their Federal Poverty Level (FPL). The amount between the second lowest cost silver plan (2LCSP) and this contribution amount is a household's subsidy, also known as APTC.
- During COVID in 2021, the American Rescue Plan reduced the contribution level to make premiums more manageable for 2021 and 2022 (Enhanced Subsidies). The Inflation Reduction Act continued this level assistance for 2023, 2024, and 2025.
- With no change in law, the “enhanced” subsidy levels will expire December 31, 2025.



# Single Adult Example

## Silver Plan

FPL %	Household Income	Contribution % of income with Enhanced APTC	Premium with Enhanced APTC	Contribution % of income with Original APTC	Premium with Original APTC	Premium Change
150%	\$29,325	0%	\$0/month	3.64%	\$86/month	+\$86/month
300%	\$58,650	6%	\$282/month	8.65%	\$407/month	+\$125/month
401%	\$78,396	8.5%	\$534/month	FULL Amount	\$1,415/month	+\$881/month

## Bronze Plan

FPL %	Household Income	Premium with Enhanced APTC	Premium with Original APTC	Premium Change
150%	\$29,325	\$0/month	\$0/month	+\$0/month
300%	\$58,650	\$0/month	\$0/month	+\$0/month
401%	\$78,396	\$9/month	\$890/month	+\$881/month

*Note: The Bronze Plan net premium is adjusted by the cost difference of the Silver Plan used to determine APTCs and is a technical calculation.  
Federal Poverty Level (FPL)*



# Family of Four - Example

## Silver Plan

FPL %	Household Income	Contribution % of income with Enhanced APTC	Premium with Enhanced APTC	Contribution % of income with Original APTC	Premium with Original APTC	Premium Change
150%	\$60,285	0%	\$0/month	3.64%	\$177/month	+\$177/month
300%	\$120,570	6%	\$585/month	8.65%	\$843/month	+\$258/month
401%	\$161,162	8.5%	\$1,108/month	FULL Amount	\$3,292/month	+\$2,184/month

## Bronze Plan

FPL %	Household Income	Premium with Enhanced APTC	Premium with Original APTC	Premium Change
150%	\$60,285	\$0/month	\$0/month	+\$0/month
300%	\$120,570	\$0/month	\$0/month	+\$0/month
401%	\$161,162	\$9/month	\$2,070/month	+\$2,070/month

*Note: The Bronze Plan net premium is adjusted by the cost difference of the Silver Plan used to determine APTCs and is a technical calculation.  
Federal Poverty Level (FPL)*



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