

Section 1332 of the Patient Protection and Affordable Care Act (ACA) State Innovation Waivers – Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on your specific terms and conditions (STCs), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: New Jersey

A. GRANTEE INFORMATION		
1. Reporting Period End Date December 31, 2024	2. Report Due Date March 31, 2025	3. Report Submitted On (Date) March 31, 2025
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency SIWI190007	6a. UEI Number 8071980230000	6b. EIN 216000928
7. Recipient Organization Name New Jersey Department of Banking and Insurance		
Address Line 1 20 West State Street		
Address Line 2		
Address Line 3		
City Trenton	State New Jersey	ZIP Code 08625
ZIP Extension 3125	8. Grant Period Start Date January 1, 2019	9. Grant Period End Date December 31, 2028
10. Other Attachments (attach other documents as needed or as instructed by the awarding federal agency)		
Post-Award Forum PowerPoint		

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B. REPORT CERTIFICATION

11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

11a. Typed or printed name and title of Authorized Certifying Official

Michael Fahnce

11b. Signature of Authorized Certifying Official
 Michael Fahnce
Digitally signed by Michael Fahnce
 Date: 2025.03.31 08:20:42 -04'00'

11c. Telephone (area code, number, and extension)

609-940-7576

11d. Email address

michael.fahnce@dobi.nj.gov

11e. Date report submitted (month/day/year)

March 31, 2025

C. PROGRESS OF SECTION 1332 WAIVER – General

12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.

Plan Year 2019

Reinsurance payments to carriers were completed by wire transfer on October 30, 2020. Payments, which included reinsurance-eligible run-out through September 30, 2020, and AUP adjustments, totaled \$267,724,523.38.

Plan Year 2020

Reinsurance payments to carriers were completed by wire transfer on November 1, 2021. Payments, which included reinsurance-eligible run-out through September 30, 2021, and AUP adjustments, totaled \$294,701,145.25.

Plan Year 2021

Reinsurance payments to carriers were completed by wire transfer on November 1, 2022. Payments, which included reinsurance-eligible run-out through September 30, 2022, and AUP adjustments, totaled \$376,341,444.60.

Plan Year 2022

Reinsurance payments to carriers were completed by wire transfer on November 1, 2023. Payments, which included reinsurance-eligible run-out through September 30, 2022, and AUP adjustments, totaled \$428,868,829.66

Plan Year 2023

Reinsurance payments to carriers were completed by wire transfer on November 1, 2024. Payments, which included reinsurance-eligible run-out through September 30, 2023, and AUP adjustments, totaled \$472,412,279.61

Plan Year 2024

As required by N.J.S.A. 17B:27A-10.4e of the Act, the Board collected reinsurance payment requests from individual market carriers on a quarterly basis. Carriers submitted reinsurance payment requests for 2024 with the requests totaling \$530,543,245.90 plus an additional conservative estimate of run-out of \$129,237,132.58. The requested

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reinsurance payments will be reviewed before payments will be made by November 1, 2025.

An additional carrier began offering individual health benefits plans in plan year 2023. Federal and State subsidies have assisted consumers with affording insurance resulting in increased enrollment. The payment parameters for plan years 2021 through 2023 differed from plan years 2019 and 2020 with an Attachment point of \$35,000.00; Coinsurance of 50%; and a Reinsurance cap of \$245,000.00. For Plan Year 2024, the parameters are an Attachment point of \$35,000.00; Coinsurance of 50%; and a Reinsurance cap of \$2470,000.00.

Annual Public Forum

The annual public forum was held on December 20, 2024. Notice of the virtual forum, which was held as in person at 20 West State Street, Trenton, New Jersey, was posted at least 30 days in advance at https://www.state.nj.us/dobi/division_insurance/section1332/index.html.

No action was taken as a result of the Forum.

13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails and plans for and results of associated corrective actions. If challenges were described in a prior annual report, only report on changes and/or updates, as appropriate.

None noted

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D. PROGRESS OF SECTION 1332 WAIVER – <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1). Please report data for the full plan year unless otherwise specified; if information for the full plan year is not available, please provide the most complete responses possible and specify the timeframe covered.		
	Value	Comments (if applicable)
a. Projected and actual individual market enrollment (total annual member months) on the Exchange in the state for the plan year.	Projected: 356,962 Actual: 374,579	Projected enrollment is taken from the PY2024 URRTs submitted by each carrier which contain total projected enrollment for calendar year 2024. An assumed On/Off distribution was applied to the total projected enrollment to estimate the On Exchange enrollment. Actual enrollment through May 2024 is taken from the carriers' responses to a 2024 DOBI data call and annualized based on historical seasonality, except for Oxford which left the market in PY2025. For Oxford, projected 2024 enrollment and premium from the PY2024 URRT was used.
b. Projected and actual individual market enrollment (total annual member months) off the Exchange in the state for the plan year.	Projected: 61,197 Actual: 62,512	Projected enrollment is taken from the PY2024 URRTs submitted by each carrier which contain total projected enrollment for calendar year 2024. An assumed On/Off distribution was applied to the total projected enrollment to estimate the On Exchange enrollment. Actual enrollment through May 2024 is taken from the carriers' responses to a 2024 DOBI data call and annualized based on historical seasonality, except for Oxford which left the market in PY2025. For Oxford, projected 2024 enrollment and premium from the PY2024 URRT was used.
c. Projected and actual individual market total annual collected premiums on the Exchange for the plan year (i.e., total premiums collected by insurers, including any portion paid by APTC).	Projected: \$2,903,973,523 Actual: \$2,963,495,527	Projected premium is taken from the PY2024 URRTs submitted by each carrier which contain total projected enrollment for calendar year 2024. An assumed On/Off distribution was applied to the total projected enrollment to estimate the On Exchange enrollment. Actual premium through May 2024 is taken from the carriers' responses to a 2024 DOBI data call and annualized based on historical seasonality, except for Oxford which left the

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		market in PY2025. For Oxford, projected 2024 enrollment and premium from the PY2024 URRT was used.
d. Projected and actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected: \$677.94 Actual: \$659.30	14(d) = 14(c) / 14(a)
e. <i>To the extent available</i> , projected and actual individual market total annual collected premiums off the Exchange for the plan year.	Projected: \$506,424,634 Actual: \$513,273,107	Projected premium is taken from the PY2024 URRTs submitted by each carrier which contain total projected enrollment for calendar year 2024. An assumed On/Off distribution was applied to the total projected enrollment to estimate the On Exchange enrollment. Actual premium through May 2024 is taken from the carriers' responses to a 2024 DOBI data call and annualized based on historical seasonality, except for Oxford which left the market in PY2025. For Oxford, projected 2024 enrollment and premium from the PY2024 URRT was used.
f. <i>To the extent available</i> , projected and actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees) for the plan year.	Projected: \$689.61 Actual: \$684.24	14(f) = 14(e) / 14(b)
g. Actual Second-Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year-old non-smoker) in each rating area for the plan year.	Group 1- 359.69 Group 2- 365.43 Group 3- 359.69	Group 1 - Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Morris, Passaic, Salem, Somerset, Sussex, Union, and Warren Counties Group 2 - Monmouth and Ocean Group 3 - Cape May

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h. Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year-old non-smoker) in each rating area for the plan year.	Group 1- 442.54 Group 2- 432.45 Group 3- 425.66	Group 1 - Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Morris, Passaic, Salem, Somerset, Sussex, Union, and Warren Counties Group 2 - Monmouth and Ocean Group 3 - Cape May
i. For states with State-based Exchanges: actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year.	\$2,218,152,319	single rating area
j. For states with State-based Exchanges: actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	357,525	Individuals Receiving APTC
15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark. The waiver has had no impact on either the scope of benefits or the EHB benchmark.		

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16. Describe any technical changes to the state's waiver plan during the plan year, including but not limited to: changes to the funding level the program will be operating at for the next plan year; changes to the approved payment parameters for reinsurance program reimbursement (if there were no changes, please still describe the final parameters); changes to eligibility criteria for enrollees' claims to be reimbursed under the reinsurance program.

There were no changes to the approved payment parameters or eligibility criteria moving from plan year 2019 into plan year 2020. For plan years 2021, 2022 and 2023 the payment parameters were as follows:

Attachment point: \$35,000.00

Coinsurance: 50%

Reinsurance cap: \$245,000.00

For plan year 2024, the payment parameters are as follows:

Attachment point: \$35,000.00

Coinsurance: 50%

Reinsurance cap: \$270,000.00

CMS determined that New Jersey's pass-through funding amount was \$180,201,687.00 for plan year 2019, \$190,004,396.00 for plan year 2020, \$282,051,806.00 for plan year 2021, \$322,987,495 for plan year 2022, \$375,257,388 for plan year 2023, and \$608,873,232 for plan year 2024. The Department and Board understand that pass-through funding is subject to final administrative determination by the Department of the Treasury prior to payment.

The funding sources for the reinsurance program for plan years 2019, 2020, 2021, 2022, 2023 and 2024 are: pass-through funding, monies collected pursuant to P.L. 2018, c.31 which established a State shared responsibility tax, and if necessary the General Fund.

17. Describe any changes in state law or regulation that might impact the waiver and the date(s) these changes occurred or are expected to occur.

No information at this time

18. Report on spending for the plan year. If information for the full plan year is not available, please provide the most complete responses possible and specify the timeframe covered.

	Value	Comments (if applicable)
a. Amount of federal pass-through funding spent on individual claim payments to issuers from the reinsurance program for the plan year.	\$375,292,063	Balance used to fund the Agreed-upon procedures (spending amounts are for PY 2023 claims)
b. Amount of federal pass-through funding spent on operation of the reinsurance program (e.g., administrative costs, EDGE server fees, etc.) for the plan year.	\$43,086	Costs associated with agreed-upon procedures for Plan Year 2023 (paid in Plan Year 2024) (spending amounts are for PY 2023 claims)
c. Amount of any unspent balance of federal pass-through funding for the plan year.	\$0	To cover any outstanding 2022 administrative costs
d. Amount of state funding contributed to fully fund the program for the plan year.	\$97,163,302	(Spending amounts are for PY 2023 claims)

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19. If applicable, provide a claims breakout at an aggregate level for the top five conditions or cost drivers of the five conditions, including settings of care in the individual market.

N/A The New Jersey reinsurance program is not a condition-based program.

20. If applicable, report on any strategies or incentives for providers, enrollees, and plan issuers to continue managing health care cost, claims, and utilization for individuals eligible for reinsurance.

Among the features associated with the management of healthcare costs and claims are benefit design, including cost sharing features, health promotion and wellness, utilization management, managed care programs and anti-fraud programs.

21. If applicable, report any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high-cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high-cost risk adjustment program.

	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool.	N/A	
b. Risk adjustment amount paid by HHS for those claims.	N/A	
c. Reinsurance reconciliation (or true-up) amount applied.	N/A	

E. POST-AWARD FORUM

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?

- ☒ Yes
☐ No

23. State website address where Post-Award Forum was advertised and where the Annual Report is posted. In addition, please ensure prior years' Annual Reports are posted on the state's website.

https://www.nj.gov/dobi/division_insurance/section1332/index.html

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24. Date Post-Award Forum took place:

December 20, 2024

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received, number of participants in the forum, and actions taken in response to concerns or comments.

Annual Public Forum

The annual public forum was held on December 20, 2024. Notice of the virtual forum, which was held in-person, was posted at least 30 days in advance at https://www.state.nj.us/dobi/division_insurance/section1332/index.html.

No members of the public attended. No action was taken as a result of the Forum.

26. Other Attachments (attach other documents as needed pertaining to Post-Award Forum)

Powerpoint Presentation prepared for the Post-Award forum

F. STATE INTERNAL IMPLEMENTATION REVIEW – ATTESTATION

27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

☒ Yes
☐ No

28. Describe the state's implementation review process.

Implementation review occurs on a weekly basis with the multiple elements evaluated and reported to the applicable operating areas and senior staff.

The review encompassed every phase of the implementation and included:

- 1) Pass-through funding determination
- 2) Collaboration with Treasury regarding the individual mandate and collection of the tax
- 3) Collection of quarterly and annual reports and summary reporting
- 4) Drafting of scope of work and awarding a contract for an audit firm (note the proposals, evaluation and selection first occurred in 2020; a new audit firm was subsequently procured in 2024)
- 5) Weekly status calls with the audit firm during the course of the AUPs
- 6) Evaluation of payment parameters for the sixth plan year, 2024
- 7) Discussion during open public meetings held by the Individual Health Coverage Program Board