



15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

John D. Meerschaert, FSA, MAAA
Principal and Consulting Actuary

john.meerschaert@milliman.com

February 12, 2015

Mr. Jeffrey A. Meyers
Director, Intergovernmental Affairs
NH Department of Health and Human Services
Brown Building
129 Pleasant Street
Concord, NH 03301

Re: Three Year 1115 Budget Neutrality Projections – New Hampshire Health Protection Program Premium Assistance Program

Dear Jeff:

This letter provides the New Hampshire Department of Health and Human Services (DHHS) with budget neutrality projections for the *New Hampshire Health Protection Program Premium Assistance Program Section 1115 Demonstration Waiver*. This letter includes documentation of the budget neutrality methodology and provides CMS template forms and related worksheets. This information is appropriate for including in the waiver application to CMS.

This letter revised our November 17, 2014 budget neutrality projections to reflect the following changes:

1. CMS requested a three-year budget neutrality projection for calendar years (CYs) 2016 – 2018.
2. We incorporated minor changes to the New Hampshire Health Protection Program (NHHPP) Bridge Program capitation rates effective CY 2015, as documented in our November 24, 2014 letter.
3. We removed CY 2015 qualified health plans (QHPs) on the federally facilitated New Hampshire Health Insurance Marketplace that would not be available to Premium Assistance Program enrollees because they are multi-state plans or Health Savings Account (HSA) plans. We also removed one high cost outlier plan that would likely be excluded under New Hampshire's plan selection criteria.
4. We modified the assumed commercial premium annual trend rate from 10% to 8% based on Milliman's emerging expectations of the commercial insurance market from 2016 – 2018.
5. We included an adjustment to the cost sharing reduction (CSR) subsidy projections to reflect induced utilization. The CSR subsidy is based on actual utilization, so since the Premium Assistance Program enrollees have a higher induced utilization than the average of the risk pool because they have reduced cost sharing amounts, then the expected CSR subsidy is higher than just the difference in the actuarial value of the benefit plans.

OVERVIEW OF METHODOLOGY

New Hampshire will maintain budget neutrality over the one-year lifecycle of the *Premium Assistance Program* Section 1115 Demonstration Waiver, with total spending under the waiver not exceeding what the federal government would have spent without the waiver. New Hampshire’s budget neutrality methodology includes the following components, resulting in a projected net savings of \$28.4 million over the one year demonstration period:

- The “without waiver” projections reflect the current New Hampshire Health Protection Program (NHHPP) Bridge Program capitation rates and enrolled population. The CY 2015 Bridge Program capitation rates were adjusted to reflect expected trends and population acuity for calendar year 2016.
- The “with waiver” projections reflect the expected cost of enrolling the Premium Assistance Program population in a qualified health plan (QHP) purchased on the federally facilitated New Hampshire Health Insurance Marketplace. The “with waiver” projections include the cost of the insurance premium, cost sharing subsidies, and wraparound fee-for-service (FFS) Medicaid services.
- We also extended the projections to include potential year 2 and year 3 projections if the waiver would be extended beyond the initial one year period based on expected 2017 and 2018 trends.

The rest of this document includes the information requested in the Budget Neutrality Form available at www.medicaid.gov regarding historical expenditure data and projected expenditures. The budget neutrality projections using the CMS template are included as Attachment A of this letter. The budget neutrality worksheet is also provided in Excel format.

HISTORICAL DATA

True historical data is not available for the NHHPP Bridge Program population because it is a newly covered population that began enrollment into Medicaid managed care organizations (MCOs) on September 1, 2014. The data presented in the “Historic Data” tab of the budget neutrality worksheet reflects the following information:

- The CY 2015 NHHPP Bridge Program capitation rates in our November 24, 2014 report
- The expected impact of pharmacy rebates DHHS will collect on MCO drug expenditures
- An expected enrollment of 45,000 adults
- The demographics of the population enrolled in the NHHPP Bridge Program as of October 2014, summarized Table 1:

Table 1 Summary of NHHPP Bridge Program Enrollment October 2014			
Age Group	Female	Male	Total
19 - 24	2,107	1,796	3,903
25 - 34	3,218	2,127	5,345
35 - 44	2,180	1,506	3,686
45 - 54	1,851	1,586	3,437
55 - 64	1,344	1,136	2,480
Total	10,700	8,151	18,851

BRIDGE PERIOD TO BASE YEAR

The Premium Assistance Program will begin on January 1, 2016. Therefore, the data used for the historical year (calendar year 2015) is the same as the Base Year prior to the first demonstration year (calendar year 2016). Therefore, zero months of aging are used in the “WOW” tab of the budget neutrality worksheet.

WITHOUT-WAIVER PROJECTIONS

We used the following adjustments to project the “without waiver” costs assuming that the NHHPP Bridge Program would continue during calendar year 2016:

- Annual enrollment trend = 0.0%: DHHS expects approximately 45,000 adults to enroll in the Premium Assistance Program. The historical data also reflects 45,000 adults.
- PMPM annual cost trend = 4.0%: The CY 2015 NHHPP Bridge Program capitation rates were trended for 12 months at an annual rate of 4.0% to reflect utilization and pharmacy trends. Reimbursement trends for non-pharmacy services are 0% since the NHHPP fee schedule is fixed at 2014 Medicare reimbursement rates.
- Wear-off of adverse selection = -9.1%: We removed the September 2014 – December 2015 NHHPP Bridge Program rating assumption that increased capitation rates by 10% for adverse selection ($-9.1\% = 1.00 / 1.10 - 1$). The impact of adverse selection is expected to resolve prior to 2016.
- Wear-off of pent-up demand = -4.8%: We removed the September 2014 – December 2015 NHHPP Bridge Program rating assumption that increased capitation rates by 5% for pent up demand ($-4.8\% = 1.00 / 1.05 - 1$). The impact of pent up demand is expected to resolve prior to 2016.
- Adjustment for actual medically frail population incidence = 4.4%: The September 2014 – December 2015 NHHPP Bridge Program capitation rates assumed that 10% of the population identified as medically frail and opted into traditional Medicaid coverage. Emerging experience shows that 8% of the population identifies as medically frail. The capitation rates would be 4.4% higher using the 8% medically frail rate.

The net impact of the “without waiver” adjustments is shown as a -6.0% trend adjustment in the “WOW” tab of the budget neutrality worksheet. The projection results in a \$701.53 PMPM “without waiver” target for DY 01 (CY 2016).

The DY 02 and DY 03 projections assume a 4% annual trend rate from the DY 01 “without waiver” projection of \$701.53 PMPM based on expected utilization and pharmacy trends.

Attachment B shows the “without waiver” projection in more detail.

BUDGET NEUTRALITY METHODOLOGY

New Hampshire expects to establish a “Per Capita Method” budget neutrality methodology where it will be at risk for the PMPM Cost of individuals under the Demonstration. Under a per capita method, New Hampshire will not be at risk for the number of member months of participation in the Demonstration.

WITH-WAIVER PROJECTIONS

The “with waiver” projections reflect the expected cost of enrolling the Premium Assistance Program population in a QHP purchased on the federally facilitated New Hampshire Health Insurance Marketplace. The “with waiver” projections include the cost of the insurance premium, cost sharing subsidies, and wraparound fee-for-service (FFS) Medicaid services.

We developed the “with waiver” projections using the following information and assumptions. Attachment B shows the development of the projections on a step by step basis.

- We developed an average premium rate for all Silver Plan coverage available on the Health Insurance Marketplace in 2015 that would qualify for Premium Assistance Program enrollment. Using the healthcare.gov website, we summarized the 2015 non-smoker premium rates offered by five carriers with 16 separate plans. We then excluded plans that would not be available to Premium Assistance Program enrollees because they are multi-state plans or HSA plans. We also removed one high cost outlier plan that would likely be excluded under New Hampshire’s plan selection criteria. We weighted each of the remaining 10 plan premiums equally to determine the average premium rate by age, and then used the NHHPP Bridge Program demographics from Table 1 calculate the overall average premium rate of \$356.37.
- The average tobacco use surcharge was about 15% for the 10 plans included in the average non-smoker premium. We assumed 27% of the Premium Assistance Program population would identify as a tobacco user based on New Hampshire and national tobacco use statistics. The impact of the tobacco use surcharge increases the average premium rate by 4.1% to \$370.81.
- We assumed a best estimate pricing trend of 8% between 2015 and 2016 based on our commercial market pricing experience, resulting in a 2016 average premium of \$400.47.
- We increased the average cost of the Health Insurance Marketplace risk pool by 3% to reflect induced utilization resulting from the reduced cost sharing levels under the Premium Assistance Program. We assumed an average induced utilization of 6% for the Premium Assistance Program population, and adding the premium assistance population doubles the size of the risk pool.
- We increased the average cost of the Health Insurance Marketplace risk pool by 5% to reflect the higher acuity level of the Premium Assistance Program population compared to the 2015 risk pool. While the Premium Assistance Program population is expected to be significantly younger than the current risk pool, they are expected to be slightly less healthy than currently insured members of the same age.
- We expect structural changes to the ACA reinsurance program to increase premiums by 3% from 2015 to 2016.
- We valued the cost sharing reduction (CSR) subsidies separately for the <100% FPL and 100-138% FPL populations.
 - The <100% FPL population will be enrolled in a 100% actuarial value (AV) plan rather than the 70% Silver Plan cost sharing. We added the expected cost of covering the 30% Silver Plan cost sharing amount.

- The 100 - 138% FPL population will be enrolled in a 94% AV plan. The proposed 94% AV plan is valued at 95% in the 2016 AV calculator. In addition, DHHS will cover the plan deductible. Therefore, we added the expected cost of covering 27% of the 30% Silver Plan cost sharing amount.
- We included a 3% adjustment to reflect induced utilization resulting from the reduced cost sharing levels under the Premium Assistance Program. The CSR subsidy is based on actual utilization, so since the Premium Assistance Program enrollees have a higher induced utilization than the average of the risk pool because they have reduced cost sharing amounts, then the expected CSR subsidy is higher than just the difference in the actuarial value of the benefit plans. We assumed an average induced utilization of 6% for the Premium Assistance Program population, which is 3% higher than the premium impact for the total risk pool.
- We estimated the cost of FFS wraparound services such as non-emergency medical transportation, limited dental services, and EPSDT services for 19 - 20 year olds to be \$10 PMPM. We believe this to be a conservatively high estimate.
- We blended our projections for the <100% FPL population (72%) and 100 - 138% FPL population (28%) using the emerging NHHPP Bridge Program enrollment demographics.

The net impact of the “with waiver” projections compared to the “without waiver” projections is shown as a -7.5% adjustment in the “WW” tab of the budget neutrality worksheet. The projection results in a \$648.92 PMPM “with waiver” target for DY 01 (CY 2016).

The DY 02 and DY 03 projections assume an 8% annual trend rate from the DY 01 “without waiver” projection of \$648.92 PMPM based on Milliman’s emerging expectations of the commercial insurance market from 2016 – 2018.

DISPROPORTIONATE SHARE HOSPITAL EXPENDITURE OFFSET

New Hampshire is not proposing to use a reduction in Disproportionate Share Hospital (DSH) claims to offset Demonstration costs in the calculation of budget neutrality.

BUDGET NEUTRALITY WORKSHEET

The budget neutrality projections using the CMS template are included as Attachment A of this letter, which is also provided in Excel format. We customized the CMS template to be consistent with New Hampshire’s budget neutrality approach.

Additional support for the projections is shown in Attachment B.

ADDITIONAL INFORMATION TO DEMONSTRATE BUDGET NEUTRALITY

We look forward to working with CMS and New Hampshire to discuss and refine the budget neutrality projections.



CAVEATS AND LIMITATIONS ON USE

This letter is intended for the internal use of the New Hampshire Department of Health and Human Services (DHHS) and it should not be distributed, in whole or in part, to any external party without the prior written permission of Milliman. We do not intend this information to benefit any third party even if we permit the distribution of our work product to such third party. We understand this letter will be part of New Hampshire's application to CMS.

This letter is designed to provide DHHS with budget neutrality projections for the *New Hampshire Health Protection Program Premium Assistance Program Section 1115 Demonstration Waiver*. This information may not be appropriate, and should not be used, for other purposes.

Actual without-waiver and with-waiver results will vary from estimates due to costs and savings under the demonstration being higher or lower than expected. DHHS should monitor emerging results and take corrective action when necessary.

In preparing this information, we relied on information from DHHS regarding emerging NHHPP Bridge Program experience, projected enrollment, and other information. We accepted this information without audit but reviewed the information for general reasonableness. Our results and conclusions may not be appropriate if this information is not accurate.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The terms of Milliman's Consulting Services Agreement with DHHS signed on November 16, 2012 apply to this letter and its use.



Please call Mathieu Doucet or me at (262) 784-2250 if you have any questions.

Sincerely,

John D. Meerschaert
Principal and Consulting Actuary, FSA, MAAA

JDM/vrr

Attachments



ATTACHMENT A
CMS BUDGET NEUTRALITY WORKSHEET

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G
1	5 YEARS OF HISTORIC DATA						
2							
3	SPECIFY TIME PERIOD AND ELIGIBILITY GROUP DEPICTED:						
4							
5	<u>NHHPP Bridge Program</u>	NA	NA	NA	NA	CY 2015 (Projected*)	Total
6	TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ 402,982,471	\$ 402,982,471
7	ELIGIBLE MEMBER MONTHS	-	-	-	-	540,000	
8	PMPM COST	\$ -	\$ -	\$ -	\$ -	\$ 746.26	
9	TREND RATES						5-YEAR
10				ANNUAL CHANGE			AVERAGE
11	TOTAL EXPENDITURE		NA	NA	NA	NA	NA
12	ELIGIBLE MEMBER MONTHS		NA	NA	NA	NA	NA
13	PMPM COST		NA	NA	NA	NA	NA
47							
48	* Projection based on actual Calendar Year 2015 NHHPP Bridge Program premium rates and expected enrollment of 45,000 adults.						

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	DEMONSTRATION WITHOUT WAIVER (WOW) BUDGET PROJECTION: COVERAGE COSTS FOR POPULATIONS												
2													
3													
4	ELIGIBILITY	TREND	MONTHS	BASE YEAR	TREND	DEMONSTRATION YEARS (DY)							TOTAL
5	GROUP	RATE 1	OF AGING	DY 00	RATE 2	DY 01	DY 01 to DY 02	DY 02	DY 02 to DY 03	DY 03	DY 04	DY 05	WOW
6													
7	NHPP Bridge Program												
8	Pop Type:	Expansion											
9	Eligible Member Months	0.0%	0	540,000	0.0%	540,000	0.0%	540,000	0.0%	540,000	NA	NA	
10	PMPM Cost	0.0%	0	\$ 746.26	-6.0%	\$ 701.53	4.0%	\$ 729.59	4.0%	\$ 758.77	NA	NA	
11	Total Expenditure					\$ 378,826,200		\$ 393,978,600		\$ 409,735,800	NA	NA	\$ 1,182,540,600
12													

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G	H	I	
1	DEMONSTRATION WITH WAIVER (WW) BUDGET PROJECTION: COVERAGE COSTS FOR POPULATIONS									
2										
3										
4				DEMONSTRATION YEARS (DY)						TOTAL WW
5	ELIGIBILITY GROUP	DY 00	DEMO TREND RATE	DY 01	DY 02	DY 03	DY 04	DY 05		
6										
7	NHHPP Bridge Program									
8	Pop Type:	Expansion								
9	Eligible Member	540,000	0.0%	540,000	540,000	540,000	NA	NA		
10										
11	PMPM Cost	\$ 746.26	-6.0%	\$ 701.53	NA	NA	NA	NA		
12	Adjustment to Reflect Projected 2016 Marketplace Premiums and Other Related Payments			-7.5%	NA	NA	NA	NA		
13	Trend to reflect expected 2017 and 2018 premium increases			NA	8.0%	8.0%	NA	NA		
14	PMPM Cost Under Premium Assistance Program			\$ 648.92	\$ 700.83	\$ 756.90	NA	NA		
15	Total Expenditure under Premium Assistance Program			\$ 350,416,800	\$ 378,450,144	\$ 408,726,156	NA	NA	\$ 1,137,593,100	
16										
17									\$ -	
18									\$ -	
19										
20	Total Expenditure			\$ 350,416,800	\$ 378,450,144	\$ 408,726,156	NA	NA	\$ 1,137,593,100	
71										
72										
73										
74										
75	NOTES									
76	For a per capita budget neutrality model, the trend for member months is the same in the with-waiver projections as in the without-waiver projections. This is the default setting.									

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G
1	Panel 1: Historic DSH Claims for the Last Five Fiscal Years:						
2	RECENT PAST FEDERAL FISCAL YEARS						
3		20__	20__	20__	20__	20__	
4	State DSH Allotment (Federal share)						
5	State DSH Claim Amount (Federal share)						
6	DSH Allotment Left Unspent (Federal share)	\$ -	\$ -	\$ -	\$ -	\$ -	
7							
8	Panel 2: Projected Without Waiver DSH Expenditures for FFYs That Overlap the Demonstration Period						
9	FEDERAL FISCAL YEARS THAT OVERLAP DEMONSTRATION YEARS						
10		FFY 00 (20__)	FFY 01 (20__)	FFY 02 (20__)	FFY 03 (20__)	FFY 04 (20__)	FFY 05 (20__)
11	State DSH Allotment (Federal share)						
12	State DSH Claim Amount (Federal share)						
13	DSH Allotment Projected to be Unused (Federal share)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14							
15	Panel 3: Projected With Waiver DSH Expenditures for FFYs That Overlap the Demonstration Period						
16	FEDERAL FISCAL YEARS THAT OVERLAP DEMONSTRATION YEARS						
17		FFY 00 (20__)	FFY 01 (20__)	FFY 02 (20__)	FFY 03 (20__)	FFY 04 (20__)	FFY 05 (20__)
18	State DSH Allotment (Federal share)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	State DSH Claim Amount (Federal share)						
20	Maximum DSH Allotment Available for Diversion (Federal share)						
21	Total DSH Allotment Diverted (Federal share)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	DSH Allotment Available for DSH Diversion Less Amount Diverted (Federal share, must be non-negative)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	DSH Allotment Projected to be Unused (Federal share, must be non-negative)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24							
25	Panel 4: Projected DSH Diversion Allocated to DYs						
26	DEMONSTRATION YEARS						
27			DY 01	DY 02	DY 03	DY 04	DY 05
28	DSH Diversion to Leading FFY (total computable)						
29	FMAP for Leading FFY						
30							
31	DSH Diversion to Trailing FFY (total computable)						
32	FMAP for Trailing FFY						
33							
34	Total Demo Spending From Diverted DSH (total computable)		\$ -	\$ -	\$ -	\$ -	\$ -

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G
1	Budget Neutrality Summary						
2							
3	<u>Without-Waiver Total Expenditures</u>						
4		DEMONSTRATION YEARS (DY)					TOTAL
5		DY 01	DY 02	DY 03	DY 04	DY 05	
6	<u>Medicaid Populations</u>						
7	NHHPP Bridge Program	\$ 378,826,200	\$ 393,978,600	\$ 409,735,800	NA	NA	\$ 1,182,540,600
17							
18	TOTAL	\$ 378,826,200	\$ 393,978,600	\$ 409,735,800	\$ -	\$ -	\$ 1,182,540,600
19							
20	<u>With-Waiver Total Expenditures</u>						
21		DEMONSTRATION YEARS (DY)					TOTAL
22		DY 01	DY 02	DY 03	DY 04	DY 05	
23	<u>Medicaid Populations</u>						
24	NHHPP Bridge Program	\$ 350,416,800	\$ 378,450,144	\$ 408,726,156	NA	NA	\$ 1,137,593,100
37							
38	TOTAL	\$ 350,416,800	\$ 378,450,144	\$ 408,726,156	\$ -	\$ -	\$ 1,137,593,100
39							
40	VARIANCE	\$ 28,409,400	\$ 15,528,456	\$ 1,009,644	\$ -	\$ -	\$ 44,947,500



ATTACHMENT B

**DETAILED BUDGET NEUTRALITY PROJECTIONS FOR
PREMIUM ASSISTANCE PROGRAM**

Attachment B
1115 Waiver Budget Neutrality Projections for Premium Assistance Program

<u>Bridge Program Cost Projection (Without Waiver)</u>	<u>0-138% FPL</u>	<u>Comments</u>
CY 2015 Bridge Program capitation rate	\$793.90	Average rate based on emerging Bridge program demographics and July 7, 2014 NHHPP rate report
<u>Impact of expected pharmacy rebates</u>	<u>0.940</u>	Reflects estimated Medicaid drug rebate of 35% collected by DHHS on MCO drug expenditures
Average Bridge Program rate net of pharmacy rebates	\$746.26	
Annual trend rate	4%	Reimbursement trend is 0% (fixed at 2014 Medicare fees), therefore utilization (3%) and Rx trend (8%) only
<u>Trend factor to CY 2016</u>	<u>1.040</u>	Trend period is 12 months (midpoint of CY 2015 rate period to midpoint of CY 2016)
Trended Premium	\$776.11	
Wear-off of adverse selection	0.909	Remove 10% adverse selection adjustment from Bridge Program rate calculation
Wear-off of pent-up demand	0.952	Remove 5% pent-up demand adjustment from Bridge Program rate calculation
		Actual medically frail identification rate in Bridge Program is 8% compared to rate setting assumption of 10% (still assumes medically frail population acuity is 2.5 x average 0-138% FPL population acuity)
Adjustment for actual medically frail population	<u>1.044</u>	
Total "Without Waiver" CY 2016 cost projection (assumes Bridge Program continues)	\$701.53	
Annual trend rate	4%	Best estimate trend factor for future Bridge Program capitation rate growth
Trend factor to CY 2017	<u>1.040</u>	Trend period is 12 months (midpoint of CY 2016 to midpoint of CY 2017)
Total "Without Waiver" CY 2017 cost projection (assumes Bridge Program continues)	\$729.59	
Annual trend rate	4%	Best estimate trend factor for future Bridge Program capitation rate growth
Trend factor to CY 2018	<u>1.040</u>	Trend period is 12 months (midpoint of CY 2017 to midpoint of CY 2018)
Total "Without Waiver" CY 2018 cost projection (assumes Bridge Program continues)	\$758.77	

Attachment B
1115 Waiver Budget Neutrality Projections for Premium Assistance Program

<u>Premium Assistance Program Cost Projection (With Waiver)</u>	<u><100% FPL</u>	<u>100-138% FPL</u>	<u>Comments</u>
CY 2015 Average Non-Smoker Premium on New Hampshire's Individual Marketplace	\$356.37	\$356.37	Average non-smoker premium rate across all carriers' age-specific rates and Bridge Program population age demographics (excludes HSA plans, multistate plans, and one high cost outlier)
Average Tobacco use surcharge	1.15	1.15	Average tobacco use load for plans included above
Percent of Premium Assistance Program enrollees identifying as using tobacco	27%	27%	Assume 27% of population identifies as a tobacco user. Assume 18% of the New Hampshire adult population uses tobacco (16-20% depending on the source), and the low income population is about 50% more likely to use tobacco than an average adult (based on National Health Interview Survey, United States, 2005 and 2012).
CY 2015 Average Premium on New Hampshire's Individual Marketplace	370.81	370.81	
Annual pricing trend rate	8%	8%	Best estimate commercial market trend factor assumption based on Milliman expert expectations
<u>Trend factor to CY 2016</u>	<u>1.080</u>	<u>1.080</u>	Trend period is 12 months (midpoint of CY 2015 to midpoint of CY 2016)
Trended premium	\$400.47	\$400.47	
<u>Impact of induced utilization by removing cost sharing (impact on total risk pool)</u>	<u>1.030</u>	<u>1.030</u>	Impact of reduced cost sharing on utilization levels. Assumes an average induced utilization of 6% for the premium assistance population, and adding the premium assistance population doubles the size of the risk pool.
Adjusted premium	\$412.48	\$412.48	
<u>Premium assistance population impact on individual marketplace risk pool average acuity</u>	<u>1.050</u>	<u>1.050</u>	Assumes the premium assistance population is 10% "sicker" than the 2015 individual marketplace risk pool (after adjusting for A/G differences), and adding the premium assistance population doubles the size of the risk pool.
Adjusted premium	\$433.11	\$433.11	
<u>General commercial pricing changes due to changes in the ACA reinsurance program</u>	<u>1.030</u>	<u>1.030</u>	Based on Milliman's general commercial pricing work
Adjusted premium	\$446.10	\$446.10	
Actuarial Value	70%	70%	Silver plans reflect an average member cost sharing percentage of 30% (i.e., an actuarial value of 70%)
Actuarial Value of subsidized plan	100%	95%	For 100-138% population benefit, 2016 AV calculator is 95% (in allowable +/- 1% range for 94% AV plan)
Impact of induced utilization on CSR	1.03	1.03	Impact of reduced cost sharing on utilization levels. Assumes an average induced utilization of 6% for the premium assistance population, which is 3% higher than the premium impact for the total risk pool.
<u>Value of cost sharing subsidy</u>	<u>\$243.92</u>	<u>\$211.10</u>	
Total plan value	\$644.39	\$611.57	
AV of covering deductible for 100-138% FPL plan	0.0%	2.0%	Estimated value of the 94% AV plan deductible
Impact of induced utilization on value of deductible	1.03	1.03	Impact of reduced cost sharing on utilization levels. Assumes an average induced utilization of 6% for the premium assistance population, which is 3% higher than the premium impact for the total risk pool.
<u>PMPM to cover deductible for 100-138% FPL plan</u>	<u>\$0.00</u>	<u>\$13.26</u>	
Total Medicaid payments to carriers	\$644.39	\$624.83	
<u>Estimate of FFS Medicaid wraparound service cost</u>	<u>\$10.00</u>	<u>\$10.00</u>	Conservatively high placeholder
"With Waiver" CY 2016 projected cost by FPL group	\$654.39	\$634.83	
Bridge Program population split by FPL	72%	28%	October 2014 Bridge Program enrollment data
Total "With Waiver" CY 2016 projected cost for Premium Assistance Program	\$648.92	\$648.92	
Projected Waiver Savings (\$ PMPM)	\$52.61	\$52.61	
Projected Waiver Savings (as a % of "Without Waiver" projection)	7.5%	7.5%	
Annual pricing trend rate	8%	8%	Best estimate commercial market trend factor assumption based on Milliman expert expectations
Trend factor to CY 2017	1.080	1.080	Trend period is 12 months (midpoint of CY 2016 to midpoint of CY 2017)
Total "With Waiver" CY 2017 projected cost for Premium Assistance Program	\$700.83	\$700.83	
Projected Waiver Savings (\$ PMPM)	\$28.76	\$28.76	
Projected Waiver Savings (as a % of "Without Waiver" projection)	3.9%	3.9%	
Annual pricing trend rate	8%	8%	Best estimate commercial market trend factor assumption based on Milliman expert expectations
Trend factor to CY 2018	1.080	1.080	Trend period is 12 months (midpoint of CY 2017 to midpoint of CY 2018)
Total "With Waiver" CY 2018 projected cost for Premium Assistance Program	\$756.90	\$756.90	
Projected Waiver Savings (\$ PMPM)	\$1.87	\$1.87	
Projected Waiver Savings (as a % of "Without Waiver" projection)	0.2%	0.2%	