



Ending Medicaid Expansion: Effects on the Individual Market

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Introduction

The Montana Healthcare Foundation (“MTHF”) retained Wakely Consulting Group, LLC (“Wakely”), an HMA company, to analyze the potential effects on the individual Affordable Care Act (ACA) market of the state of Montana ending Medicaid expansion. Wakely conducted a qualitative and quantitative review of the potential impacts of ending Medicaid expansion on the ACA-compliant individual health insurance market (ACA individual market).

In 2016, Montana expanded its Medicaid program. This had a direct effect on the size and composition of the individual market as enrollees who were between 100% and 138% of the federal poverty level (FPL) were newly eligible for Medicaid. Consequently, many individuals left the individual market for the Medicaid program.¹ Montana’s Medicaid expansion is scheduled to end at the end of June 2025 without legislation to reauthorize the program. In that scenario, some individuals who currently are eligible for Medicaid could instead shift back to the individual market or become uninsured. Wakely analyzed the potential effects of ending the Medicaid expansion on the ACA individual market.

This document has been prepared for the sole use of MTHF, although we understand that it will be made public. This document contains the results, data, assumptions, and methods used in our analyses and satisfies the Actuarial Standard of Practice (ASOP) 41 reporting requirements. Using the information in this report for other purposes may not be appropriate.

Executive Summary

This paper analyzes the potential effects that ending Medicaid expansion could have in Montana. We estimate potential enrollment and premium effects on the ACA individual market and discuss qualitative considerations on what ending Medicaid expansion might do to provider revenue, state economic conditions, as well as access for low-income Montanans. The following is a summary of the potential impacts, each of which is discussed further in this report. It is important to note that to date, no state has ended its Medicaid expansion program. Consequently, the exact effects are unknown, and actual impacts on the individual market may differ, including having higher premiums and larger uninsured rate increases relative to the estimates included in this report.

- All scenarios estimated a significant number of individuals losing Medicaid coverage in the state. We estimated that 54,000 to 74,000 would lose coverage, and the number of uninsured in Montana would increase by 37% to 51%.
- 13,000 to 33,000 additional members would be expected to take up coverage in the individual exchange and be eligible for premium subsidies. The additional enrollment would result in 20% to 52% higher individual market enrollment.

¹ For example a HELP ACT Oversight Committee noted that 21% of HELP newly enrolled were between 101 and 138% FPL or previously eligible for the individual market
https://dphhs.mt.gov/assets/MedicaidExpansion/helpactoversightcommitteereportfinal7_15_2016.pdf

- The Medicaid members who migrate to the ACA individual market will have higher morbidity, all else equal, than the current individual market members. As a result, Wakely estimated the individual market premiums would be 6% to 8% higher due to ending Medicaid expansion and the influx of former Medicaid expansion members into the individual market. This would result in a premium increase of \$547 to \$767 per member per year or put a different way, an additional \$8.8 to \$11.7 million in aggregate premiums for about 15,000 Montanans.
- Ending Medicaid expansion is also expected to have uncertain implications for Montana's reinsurance program, which could result in even higher premium increases than those estimated.
- Ending Medicaid expansion is also expected to reduce provider revenue, increase provider closures, and increase mortality/reduce access for Montana residents.

Background

Montana is in a unique situation in which its Medicaid expansion program is slated to sunset in 2025. In April 2015 the Montana Legislature passed a law that established a Medicaid expansion program beginning in 2016. The HELP Act included a provision that would end the Medicaid expansion program in 2019. In 2019, the Montana Legislature passed a bill (House Bill 658) to continue the program until June 30, 2025. Absent action by Montana's Legislature, Montana's Medicaid expansion program will end. To date, of the 41 states (including DC) that have adopted the Medicaid expansion program, none have ended it.² Consequently, there is no historical precedent as to what such a change could do.

There is precedent as to the reverse of this, i.e., the effects expanding Medicaid has had on the individual market. Previous research has shown that Medicaid expansion reduces individual market premiums. For example, the Department of Health and Human Services (HHS) conducted an in-depth analysis of the impact of Medicaid expansion on premiums. Controlling for numerous factors, HHS³ estimated that, on average, premiums were 7% higher in states that did not expand Medicaid. In another analysis, Sen and Deliere⁴ estimated that Marketplace premiums were, on average, 11% higher in states that did not expand Medicaid compared to states that did, controlling for demographic and health characteristics of the state.

To date, no state has ended Medicaid expansion. This increases the level of uncertainty on the impact estimates. However, historical context can shed some light on potential effects that may result. The individual market would change with the introduction of formerly Medicaid-eligible individuals, which would result in higher enrollment and higher premiums. However, the effects are not contained to just the individual market but would negatively affect those who lose

² <https://www.kff.org/affordable-care-act/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/>

³ <https://aspe.hhs.gov/pdf-report/effect-medicaid-expansion-marketplace-premiums>

⁴ Sen, Aditi and Thomas Deliere (2018). "How does expansion of public health insurance affect risk pools and premiums in the market for private insurance?" *Journal of Health Economics*

coverage as well as providers via lost revenue. This report is divided into two sections: the first is a quantitative analysis of the impact of ending Medicaid expansion on the individual market, and the second is a qualitative review of some of the other effects that ending Medicaid could bring.

Quantitative Analysis

The analysis focused on quantifying the impacts of the Medicaid expansion ending on the ACA individual market. Specifically, the impact on ACA individual enrollment and premiums was estimated, as was the change in uninsured individuals in Montana. The modeling assumed that the enhanced premium subsidies enacted by the American Rescue Plan and continued by the Inflation Reduction Act will expire at the end of 2025 and revert to the ACA level of subsidies starting in 2026.

The projection period selected for the analysis was calendar year 2027, which is expected to exhibit a more stable enrollment and market composition following the 2026 market shifts. The baseline 2027 Montana individual market is projected to have 63,400 enrollees with an average premium of just over \$800. Considerations in the modeling included differences in morbidity of the Medicaid expansion members losing coverage, the portion choosing to enroll in the individual market, and their associated level of selection. This will be discussed in the qualitative section. Finally, due to the lack of data, the analysis did not quantify the changes in the morbidity of the Medicaid expansion population after the resumption of the Medicaid redetermination following the COVID-19 pandemic-related continuous coverage eligibility requirement. As part of restarting the Medicaid redetermination process, the historical claim experience may underestimate the cost of Medicaid expansion enrollees who remain enrolled after the redetermination of eligibility is complete. As such, these estimates may underestimate how much higher premiums will increase should Medicaid expansion end.

Enrollment

The direct effect of Medicaid expansion ending would be increased enrollment in Montana's ACA individual market from the individuals in the 100% to 133%⁵ FPL range losing Medicaid coverage as of July 1, 2025. Wakely relied on the Medicaid expansion enrollment figures from the Montana Medicaid Databook⁶ in conjunction with CMS Open Enrollment public use files (PUF) data to estimate the number of enrollees who would join the Montana individual market as a result of the Montana Medicaid expansion ending.

As of December 2023, 86,600 Medicaid expansion members were enrolled and are assumed to be representative of post-redetermination enrollment and are expected to remain enrolled in 2025. Out of this population, it was estimated that 13,000 to 33,000 members would be expected to take up coverage in the individual exchange and be eligible for premium subsidies. While the estimated range is wide, it is consistent with the estimated number of ACA enrollees

⁵ Given ACA income disregard rule individuals up to 138% FPL could shift to the individual market.

⁶ Montana Healthcare Foundation. Medicaid in Montana. April 2024. Data Book.

(approximately 10,000 to 15,000 enrollees) with incomes in the 100% to 138% FPL range who migrated from the individual ACA market to Medicaid in 2016 when Medicaid expansion coverage was introduced in Montana. The high end of the estimated range would reflect greater outreach to this population or a change in the perception of the value of health coverage after a prolonged enrollment in Medicaid. The additional enrollment would result in 20% to 52% higher individual market enrollment (or 13,000 to 33,000 additional enrollees).

The increases in cost-sharing, reduction in benefits, and, in some cases, increases in premiums for individual enrollees will likely result in some portion of the Medicaid expansion beneficiaries becoming uninsured or seeking coverage elsewhere (e.g., coverage that does not meet major medical standards like limited short-term duration plans) rather than shifting to individual market coverage. As a result, a smaller number of individuals who migrated from the ACA market to Medicaid are expected to migrate from Medicaid expansion back to the ACA market in the event of Medicaid expansion ending.

It is possible that some Medicaid expansion enrollees who were previously uninsured might be more likely to enroll in the individual market than they were prior to Medicaid expansion, given coverage loss aversion. However, there is no data to support this, and it will be dependent on other factors, such as outreach and special enrollment period (SEP) verification. Thus, we have not included previously uninsured members in our estimates.

Premiums

The large influx of previously Medicaid-eligible enrollees is expected to produce direct premium effects on the individual ACA market premiums. Previous research, both nationwide and in Montana, has shown that Medicaid expansion reduces individual market premiums.⁷ Wakely has also previously estimated premiums would increase from 4% to 7%.⁸ Wakely updated analysis, resulted in a similar impact from what it previously estimated on the individual market or premium impacts ranging from 6% to 8% higher premiums as a result of the introduction of enrollees previously covered by Medicaid expansion. Premiums would increase because:

- The Medicaid expansion population is younger but less healthy relative to the individual market enrolled population.
- The fraction of the Medicaid expansion population that enrolls in the individual market will be sicker than the current Medicaid expansion program.⁹
- Individuals who enroll are likely to enroll in cost-sharing reduction (CSR) plans and, therefore increase silver premiums even higher.

Note that the subsidized members enrolled in the ACA market are largely protected from the

⁷ <https://mthf.org/resource/individual-market-stabilization-medicaid-expansion-analysis/>

⁸ *ibid*

⁹ Please see the Appendix for the methodology on comparing Medicaid Expansion enrollees' morbidity to current individual market morbidity.

premium increases as a result of the Federal premium subsidies. Hence, only the unsubsidized portion of the market (16% to 20% of the total market) would be affected by the premium increases. Subsidized enrollees' net premiums do not directly change when gross premiums increase since premium tax credits increase as premiums do. Conversely, enrollees with gross premiums will experience the full premium increase. As premiums increase for this population, they are more likely to drop coverage. Consequently, the increase in premiums will likely produce the disenrollment of a small number of unsubsidized enrollees (0.5% to 0.7%).

UNINSURED RATE

The current uninsured rate among non-elderly in Montana is slightly above the national average of 9.8%¹⁰ and has decreased materially since 2014. All scenarios estimated a significant increase in the number of uninsured individuals in the state, ranging from 37% to 51% as a direct result of Medicaid expansion sunset. The estimated number of uninsured in 2027 was developed by starting with the 2022 estimate, increasing it by the number of Medicaid enrollees redetermined out of the program by the end of the unwinding period in 2024, accounting for the portion taking up coverage in the individual market following the redetermination, and finally adding the estimated number of individuals disenrolling from the individual market in 2026 after expiration of the enhanced premium subsidies. The resulting estimated number of uninsured without Medicaid expansion was 146,000¹¹.

The additional number of uninsured as a result of the Medicaid expansion members losing coverage in 2025 and not enrolling in individual markets was estimated to range from 54,000 to 74,000, bringing up the total number of uninsured to 199,000 to 219,000.

Qualitative Effects

Other Individual Market Considerations

Beyond direct effects on the individual market, such as increasing premiums, there are additional factors that could increase premiums in the individual market. Montana's individual market premiums are currently lower as a result of a 1332-based reinsurance program. The 1332-based reinsurance program's ability to impact premiums will be affected by the large increase in enrollment, especially for individuals who are more expensive than the current market. While further analysis is needed on the exact effects, the level of uncertainty issuers may have on pricing reinsurance may increase beyond those estimated in the above section.

¹⁰ <https://aspe.hhs.gov/reports/state-local-estimates-uninsured-population-2022>

¹¹ The value was estimated by Wakely from several published values sourced from Kaiser Family Foundation (2022 Uninsured in Montana, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/>), open enrollment public use files, and Wakely's estimates from the 1332 Waiver Extension application.

Other Effects on the State Beyond the Individual Market

Beyond effects on the individual market, ending Medicaid expansion will have significant effects. Listed are likely other consequences:

- Reduced Provider Revenue/Potential for Provider Closures – Prior research has shown that expansion contributed to increased revenue for providers. Additionally, prior research indicates that expansion reduced the number of hospital closures. Consequently, the reverse should also be true. Ending Medicaid expansion should reduce provider revenue and increase the number of provider closures. It should be noted that certain types of providers and services may be more hurt should Medicaid expansion end.¹²
- Negative Budget and Economic Effects – Prior studies have also shown that expansion resulted in increased federal Medicaid spending and insignificant increases in state spending. Additionally, prior research has found that Medicaid expansion resulted in increased state revenue.¹³ Finally, general societal benefits (e.g., mortality reductions) not only resulted in overall gains but offset the costs associated with expansion.¹⁴ Ending Medicaid expansion would likely result in the reverse of what expansion has done. In other words, ending Medicaid expansion would result in negative economic effects and reduced state revenue.
- Reduced Access – Finally, while this paper has focused on the effects on the individual market, the loss of coverage for those previously on Medicaid would be extensive.¹⁵ There is a vast literature on the positive effects Medicaid coverage has on the health status of beneficiaries, specific health conditions like cancer and diabetes, chronic conditions like heart disease, people with disabilities, maternal health, infant health outcomes, substance abuse treatment, etc.¹⁶ Additionally, specific populations, such as federally recognized Native American Tribes, may be even more adversely affected than the general population.¹⁷

¹² <https://www.kff.org/medicaid/issue-brief/what-does-the-recent-literature-say-about-medicaid-expansion-economic-impacts-on-providers/>

¹³ <https://www.kff.org/report-section/building-on-the-evidence-base-studies-on-the-effects-of-medicaid-expansion-february-2020-to-march-2021-report/#EconomicImpacts>

¹⁴ ibid

¹⁵ It should be noted that prior research has generally suggested that Medicaid coverage does not “crowd out” private insurance coverage <https://www.nber.org/papers/w22182> (). Consequently, coverage losses not from Medicaid Expansion ending is not expected to be result in an increase in employer coverage.

¹⁶ <https://www.kff.org/report-section/building-on-the-evidence-base-studies-on-the-effects-of-medicaid-expansion-february-2020-to-march-2021-report/#EconomicImpacts>

¹⁷ <https://mthf.org/resource/impacts-of-aca-repeal-on-american-indian-populations/>

Conclusion

Medicaid expansion has had a significant effect on Montana's individual ACA market since 2016. Ending Medicaid expansion would also have a significant effect. Ending Medicaid expansion would increase enrollment in the individual market, resulting in premiums being higher by 6% to 8%. Additionally, there are downstream effects from ending Medicaid expansion, namely an increase in the number of uninsured, lower access to care for low-income Montanans, decreased provider revenue, and a higher probability of provider closures. Wakely did not consider the downstream impacts of such changes for the quantitative analysis. No state has ended Medicaid expansion, so the exact effects are uncertain. However, based on the current analysis, previous research, and discussions with Montanan insurers, Wakely estimates that ending Medicaid expansion would likely result in higher enrollment in the individual market, higher individual ACA market premiums, and a higher uninsured rate.

Appendix A

Data and Methodology

To create the enrollment and premium estimates for the baseline of Montana’s individual market in 2027 and the associated impact on the number of uninsured residents in the state, Wakely completed the following steps:

1. Using publicly available data, including Montana’s 1332 Waiver extension application (see Appendix B, Reliances and Caveats), estimates were made for 2027 average enrollment assuming the expiration of the enhanced premium subsidies.
2. Given the approval of Montana’s 1332 extension application, Wakely assumed a state-based reinsurance program in 2027 baseline estimates. Hence, all estimates referenced are Montana’s individual market with a reinsurance program.

Table 1 – Baseline 2027 Projection of Montana Individual Market

No Medicaid Expansion Enrollment	
Total Non-Group Enrollment	63,410
APTC Enrollment	48,070
Total Unsubsidized Enrollment (On and Off Exchange)	15,340
Total Non-Group Premium PMPM	\$808
APTC Gross Premium PMPM	\$816
APTC PMPM	\$681
APTC Net Premium PMPM	\$135
Estimated Number of Uninsured	145,570

3. For the impact of Medicaid expansion on the individual market, Wakely took the following steps:
 - a. The starting number of Medicaid expansion members remaining after the completion of the continuous coverage unwinding was based on the December 2023 enrollment reported in the 2024 Medicaid data book, or 86,600 members.
 - b. Given the uncertainty around the rate of enrollment of Medicaid expansion members in individual markets after losing coverage, Wakely estimated three different scenarios for a likely range of enrollment in 2027 – from a low take up of 15%, mid take up of 20%, and a high take up of 38%. The low and mid-take-up values were selected to be consistent with the number of enrollees who left the Montana individual market as a result of the initial Montana Medicaid expansion,

effective January 1, 2016, of 10,000 to 15,000 members¹⁸. The high take-up was used to illustrate the impact of the potential broader uptake by this population. These members were then added to the baseline individual enrollment estimates for 2020 for each of the three scenarios identified above. All migrating Medicaid expansion members are assumed to be eligible for APTCs in the individual ACA market.

- c. To estimate the impact on the individual market premiums, Wakely estimated morbidity differences between the Medicaid expansion population and the ACA individual market by comparing 2021 incurred claims costs between the individual market and Medicaid expansion cohort (as reported in the Medicaid 2024 data book, Tab 12), after normalizing the experience for reimbursement and demographic differences of the two populations. The estimates suggest that while the Medicaid expansion population is younger than the individual market, they are less healthy for their age.
 - d. We assumed selection (i.e., members with known health care needs are more likely to choose to enroll in coverage or “self-select”) among those choosing to enroll in the individual market ranges from 1.15 in the 38% take-up scenario to 1.45 in the 15% take up scenario. The selection was based on a set of factors developed in similar analyses using the ACA market distribution of costs.
 - e. We modeled a change in the cost-sharing reduction (CSR) load impact on the total individual market as a result of increased enrollment of Medicaid expansion members in 94% actuarial value silver variant plans.
 - f. The combined effect of the morbidity, selection, and CSR load change resulted in the average individual market premium increases of 6% to 8%. The associated change in the unsubsidized member enrollment was estimated based on a non-linear enrollment response function estimated by the Council of Economic Advisors (CEA take-up function)¹⁹ based on the estimated premium increases. The function computes expected enrollment change based on premium rate increases and the portion of the market that is not receiving subsidies. Enrollees who are subsidy-eligible are not expected to have attrition, given the Advanced Premium Tax Credit (APTC) subsidy structure insulates them from premium increases. The changes in enrollment were distributed pro rata between on-exchange unsubsidized and off-exchange by the share of unsubsidized enrollment that the on-exchange enrollees represent.
4. We estimated the change in the uninsured in the state with and without Medicaid expansion ending, accounting for the impacts of Medicaid redetermination, individual

¹⁸ Wakely used CMS Open Enrollment public use files (PUF) data to make this estimate.

¹⁹https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf

market attrition due to the expiration of the enhanced premium subsidies in 2026, and the portion of the Medicaid expansion losing Medicaid coverage and not enrolling in the individual market.

Table 2 summarizes the results of the analysis for the three scenarios.

Table 2 – Summary of Analysis Results by Scenario

	Low	Mid	High
Baseline 2027 Projection - No Medicaid Expansion Enrollment			
Total Non-Group Enrollment	63,410	63,410	63,410
APTC Enrollment	48,070	48,070	48,070
Total Unsubsidized Enrollment	15,340	15,340	15,340
Total Non-Group Premium PMPM	\$808	\$808	\$808
APTC Gross Premium PMPM	\$816	\$816	\$816
APTC PMPM	\$681	\$681	\$681
APTC Net Premium PMPM	\$135	\$135	\$135
Estimated Number of Uninsured	145,570	145,570	145,570
2027 Projection After Medicaid Expansion Ending			
Total Estimated Number of Medicaid Expansion (after redetermination)	86,610	86,610	86,610
Assumed Uptake, % of Medicaid Expansion	15%	20%	38%
Assumed Uptake	12,990	17,320	32,910
Estimated Characteristics of Medicaid Expansion Cohort:			
Estimated Demographic Age Relativity vs. Individual Market	0.84	0.84	0.84
Estimated Morbidity (Age-adjusted)	1.10	1.10	1.10
Estimated Selection for Assumed Uptake	1.45	1.36	1.15
Estimated Change in Total Premium Due to CSR Load	1.02	1.02	1.04
Total Individual Market Enrollment	76,300	80,640	96,260
APTC Enrollment	61,070	65,400	80,990
Total Unsubsidized Enrollment	15,230	15,240	15,270
Total Non-Group Premium PMPM	\$870	\$872	\$856
APTC Gross Premium PMPM	\$876	\$878	\$862
APTC PMPM	\$740	\$743	\$727
APTC Net Premium PMPM	\$135	\$135	\$135
Estimated Number of Uninsured	219,180	214,850	199,260

	Low	Mid	High
% Changes Post Medicaid Expansion Sunset vs. Baseline			
Total Non-Group Enrollment	20.3%	27.2%	51.8%
APTC Enrollment	27.0%	36.1%	68.5%
Total Unsubsidized Enrollment	-0.7%	-0.7%	-0.5%
Total Non-Group Premium PMPM	7.6%	7.9%	5.9%
APTC Gross Premium PMPM	7.3%	7.5%	5.5%
APTC PMPM	8.7%	9.0%	6.6%
APTC Net Premium PMPM	0.0%	0.0%	0.0%
Estimated Number of Uninsured	50.6%	47.6%	36.9%

Appendix B

Reliances and Caveats

The following is a list of the data Wakely relied on for the analysis:

- HHS Research on the Effects of Medicaid Expansion on Premiums²⁰
- CEA Take-Up Function²¹
- Montana’s 1332 Waiver Amendment²²
- Costs of Medicaid Expansion Beneficiaries²³
- Impact of Medicaid Expansion on Private Insurance Coverage.²⁴

The following are additional reliances and caveats that could have an impact on results:

- **Baseline Estimate Uncertainty.** There is considerable uncertainty about Montana’s individual market, both in terms of enrollment and premiums and whether enhanced subsidies will expire. There is also uncertainty as to enrollment/claims of the Medicaid expansion program in 2025, given unwinding activities.
- **Political Uncertainty.** There is significant policy uncertainty around future federal actions in regard to the ACA market and Medicaid expansion. Potential Federal policies may alter results. For example, disallowing silver-loading by the Federal government would impact both premiums and enrollment levels.
- **Enrollment Uncertainty.** Future enrollment is inherently uncertain. Beyond changes to potential rates and policy (e.g., silver-loading, short-term duration plans, association health plans), individual enrollee responses to these changes also have uncertainty. All of these factors result in uncertainty for estimates for the future.
- **Premium Uncertainty.** There is uncertainty about premium levels in 2027. This uncertainty is not only due to trends and claims experience but also morbidity changes as a result of the currently scheduled expiration of the enhanced subsidies.
- The analysis did not consider whether tribal governments would purchase policies for their members using the “tribally sponsored health insurance premium” provisions of the ACA.

²⁰ <https://aspe.hhs.gov/pdf-report/effect-medicaid-expansion-marketplace-premiums>

²¹ https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf

²² https://mtreinsurance.org/wp-content/uploads/2024/09/Final-Montana-1332-Waiver-Extension-Application-updated-9_18.pdf

²³ <https://mthf.org/resource/2024-medicaid-in-montana/>

²⁴ <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.21961>

Appendix C

Disclosures and Limitations

Responsible Actuaries. Ksenia Whittal is the actuary responsible for this communication. She is a Member of the American Academy of Actuaries. She is a Fellow of the Society of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to issue this report. Julie Peper and Michael Cohen contributed significantly to the analysis and report.

Intended Users. This information has been prepared for the sole use of MTHF. Distribution to parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this report should retain their own actuarial experts in interpreting results.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that Colorado or the issuers will attain the estimated values included in the report. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. The responsible actuary is financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent of the State of Colorado.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. The information included in the 'Reliances and Caveats' sections identifies the key data and reliances.

Subsequent Events. These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws regarding health benefit plans may have a material impact on the results included in this report. Material changes in economic conditions or other exogenous shocks could impact

enrollment. There are no other known relevant events after the date of information received that would impact the results of this report.

Contents of Actuarial Report. This document constitutes the entirety of the actuarial report and supersedes any previous communications on the project. However, more information regarding the analysis preceding this report can be found in the formal 1332 Waiver report produced by Wakely on behalf of Colorado.

Deviations from ASOPs. Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses comply with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 41, Actuarial Communication

ASOP No. 56, Modeling