

**Kansas Health Policy Authority
Small Business Health Insurance Steering Committee**

Subsidized Reinsurance Options for the Small Business Health Insurance Market:

The purpose of this analysis is to estimate the value of a subsidized reinsurance program in order to achieve a reduction in premiums costs in the small group market, encouraging uptake of both employers and employees. The Steering Committee suggested a target budget of \$25–\$50 million annually in State subsidization and we will compare the results of the options listed below to this targeted expenditure.

Option	Subsidization Level
Option 1	State Subsidizes 90% of claims cost between \$25 – \$100k
Option 2	State Subsidizes 90% of claims cost between \$10 – \$100k
Option 3	State Subsidizes 100% of claims cost over \$150k
Option 4	State Subsidizes 100% of claims cost over \$200k

Assumptions made in modeling reinsurance options:

- This reinsurance program is fully subsidized by the state and requires no contribution from insurers, employers, or employees;
- This process should be transparent to employers, with the state dealing directly with health plans;
- In accordance with rating regulations in Kansas, small employers shall be defined as employers with 2 or more, and less than or equal to 50 employees.