

Reinsurance Payments Series I: Reinsurance Payments Overview

November 13, 2014



**Health Insurance Marketplace Program
Training Series**

Session Guidelines

- This is a ninety-minute webinar session, followed by a user group next week.
- Frequently Asked Questions (FAQs) will be posted in the coming weeks.
- For questions regarding content, please submit inquiries to REGTAP at <https://www.regtap.info/>
- For questions regarding logistics and registration, please contact the Registrar at: (800) 257-9520

Intended Audience

- Issuers of Marketplace and Non-Marketplace plans, in states where HHS operates the Transitional Reinsurance Program
- Third Party Administrators (TPAs) and Support Vendors
- Amazon and On-Premise EDGE server issuers (Exchange and Non-Exchange)

Purpose

- This training will provide an overview of the individual enrollee-level reinsurance calculations that will occur on the EDGE server. This is the first step in the reinsurance payment calculation process.
- Future trainings will cover additional steps in the payment process:
 - Reinsurance estimate reports
 - Payment process and timeline
 - Walkthrough of examples of claim and enrollee selection rules
 - Discrepancy and appeal reporting

Reinsurance Overview

Reinsurance Overview

- The Transitional Reinsurance Program was established under Section 1341 of the Affordable Care Act (ACA).
- The Transitional Reinsurance Program is a three year program that is intended to help stabilize individual market premiums during the initial years of the implementation of the ACA market reforms.
- For the 2014 - 2016 coverage years, non-grandfathered individual market issuers will receive reinsurance payments for enrollees that incur high claims costs.

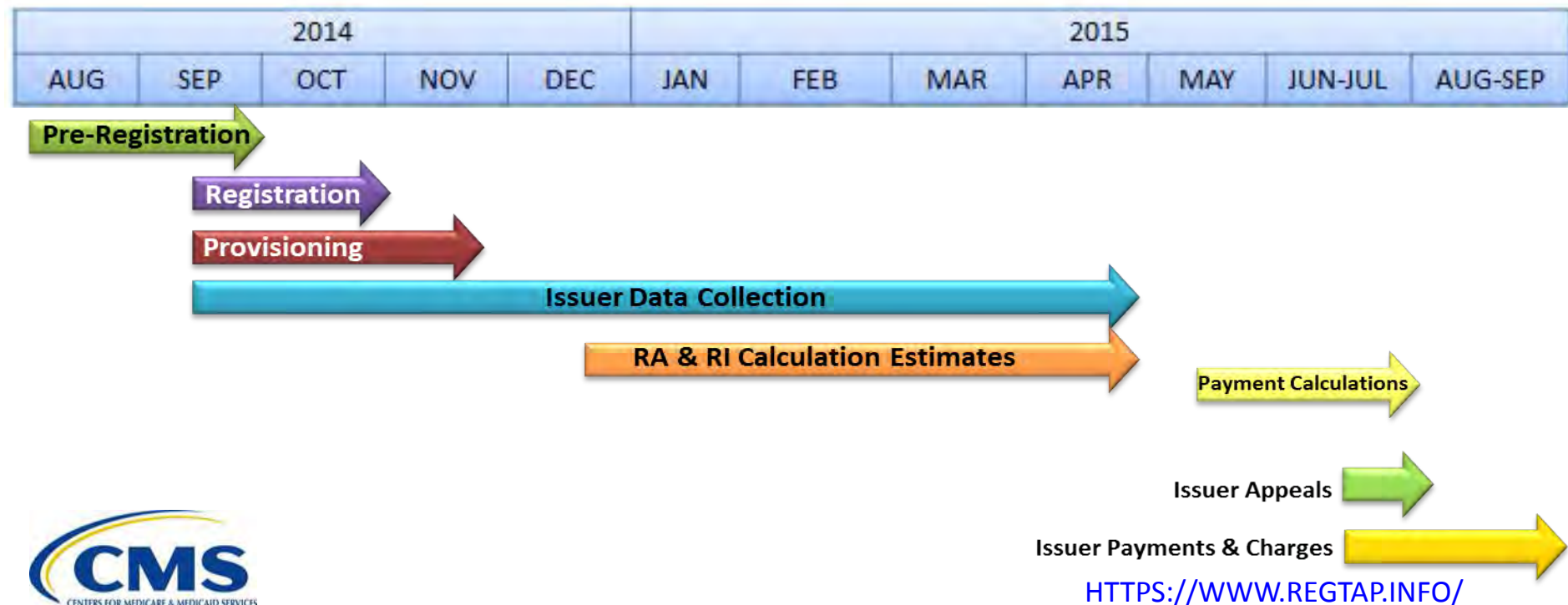
Reinsurance Overview

- All health insurance issuers and self-insured entities that use Third Party Administrators (TPAs) are required to make reinsurance contributions to help fund reinsurance payments.
- To ensure a fair and equitable distribution of funds, reinsurance payments are determined based on the national total pool of all contributions collected and the total paid eligible claims (i.e., payments in every state will be subject to the same proration rate).
- HHS has established reinsurance parameters for the 2014 coverage year. Regulations at 45 CFR Part 153 establish standards for the Reinsurance Program. The Premium Stabilization Rule, Annual Notices of Benefit and Payment Parameters and the Program Integrity Rule have all addressed risk adjustment issues. These rules can be found at the following link:
<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/index.html>

Reinsurance Program Timeline

Key Implementation Dates:

- **EDGE Pre-Registration:** 8/7/14 – 9/26/14
- **EDGE Registration:** 9/27/14 – 10/20/14
- **EDGE Provisioning:** 9/27/14 – 11/21/14
- **Data Collection:** 9/27/14 – 4/30/15
- **Reinsurance Estimates:** 12/15/14 – 4/30/15
- **Payment Calculations:** 5/1/15 – 6/30/15
- **Payment Report to Issuers:** 6/30/15
- **Issuer Appeals:** 7/1/15 – 7/31/15
- **Issuer Payments and Charges:** 7/1/15 – 9/30/15



Reinsurance Calculation Overview

Reinsurance Calculation Overview

1. Identify Reinsurance Eligible Claims
2. Identify Reinsurance Eligible Enrollees and Enrollment Periods
3. Assign & Calculate Reinsurance Eligible Claims for Reinsurance Eligible Enrollees
4. Apply Cost-sharing Reduction (CSR) Maximum Out-of-Pocket (MOOP) Adjustment to Total Paid Amount
5. Apply National Reinsurance Parameters

Step 1: Reinsurance Eligible Claims Selection

All Claims Selection Rules

- Only individual market plan claims are selected for reinsurance payment.
- Identify active claims (claims in an inactive status are not eligible for consideration).
- Each claim must match to an enrollee.
 - Claims without active enrollees are considered orphaned claims and outbound files will be generated for issuers listing all orphaned claims.
- The Plan ID on the claim must match the Plan ID of at least one active enrollment period.

Step 1: Reinsurance Eligible Claims Selection (Continued)

Medical Claims Selection Rules

- Statement Cover Through Date must be January 1, 2014 – December 31, 2014.
- Statement Cover From Date must fall during the active enrollment period for the enrollee.

Step 1: Reinsurance Eligible Claims Selection (Continued)

Pharmacy Claims Selection Rules

- Fill Date must be between January 1, 2014 – December 31, 2014.
- Fill Date must fall during the active enrollment period for the enrollee.

Step 1: Reinsurance Eligible Claims Selection (Continued)

- The following types of claims will be dropped for the 2014 calculation:
 - Claims with start date before January 1, 2014
 - Claims with end date after December 31, 2014
 - Orphan claims not tied to an enrollee in the 2014 enrollment period

Step 2: Identify Reinsurance Eligible Enrollees and Enrollment Periods

- Reinsurance eligible enrollees must meet one of the following criteria:
 - Enrollees with one or more eligible claims for the payment year.
 - Enrollees with no reinsurance eligible claims and that have an active enrollment period for an individual plan for the payment year.
- Reinsurance eligible enrollees who do not have eligible claims will be included in reinsurance reporting, but do not contribute to reinsurance calculation estimates.

Step 3: Assign & Calculate Reinsurance Eligible Claims for Reinsurance Eligible Enrollees

- All reinsurance eligible claims will be assigned to reinsurance eligible enrollees.
- Total plan paid amount for each claim will be aggregated for each enrollee.
- If an enrollee is in more than one plan for an issuer in one year, claims across all plans will be aggregated.

Step 4: Apply CSR MOOP Adjustment to Total Paid Amount

- Issuers with CSR enrollees receive payments from HHS, which reduces their claims liability.
- The reinsurance calculation includes an adjustment for CSR enrollees to account for the CSR payments that issuers receive from HHS.

Step 4: Apply CSR MOOP Adjustment to Total Paid Amount (Continued)

CSR MOOP Adjustment =

$\text{MOOP}_{\text{Standard Plan}} - \text{MOOP}_{\text{Enrollee's CSR Plan Variation}}$

- Only enrollees in CSR plan variations will have non-zero MOOP adjustments.
- Enrollees in '01' and '00' plan variations will have a \$0 MOOP adjustment.
- Future trainings will cover calculation of MOOP for enrollees in more than one plan in a coverage year, and enrollees and family policies.

Step 4: Apply CSR MOOP Adjustment to Total Paid Amount (Continued)

- Enrollees that are in more than one plan for the coverage year may have more than one applicable CSR MOOP adjustment.
- For these enrollees, the CSR MOOP adjustment will be equal to the sum CSR MOOP adjustment of each plan prorated based on each enrollment duration.

$$\text{CSR MOOP Adjustment}_{\text{Enrollee}} = \sum \text{CSR MOOP Adjustment}_{\text{Enrollment Periods}} \times \frac{(\text{Days in the Policy in the Payment Year})}{365}$$

Step 4: Apply CSR MOOP Adjustment to Total Paid Amount (Continued)

- Family policy MOOPs will be allocated to the individual policy members based on the claims experience of each member.

$$\text{CSR MOOP Adjustment}_{\text{Enrollee } i} = \text{CSR MOOP Adjustment}_{\text{Policy}} \times \frac{\text{Total Enrollee } i \text{ Claims for the Policy}}{\text{Total Claims for the Policy}}$$

Step 4: Apply CSR MOOP Adjustment to Total Paid Amount (Continued)

- After calculating CSR MOOP adjustment, the adjustment is subtracted from the enrollee's Total Paid Amount.

RI Total Paid Amount Net of MOOP Adjustment =
Enrollee Total Paid Amount – Enrollee CSR MOOP Adjustment

Step 5: Apply National Reinsurance Parameters

- Reinsurance Payments are based on total paid claims costs that fall between the reinsurance attachment point and reinsurance cap.
- For 2014:
 - **Attachment Point:** \$45,000
 - **RI Cap:** \$250,000

Step 5: Apply National Reinsurance Parameters (Continued)

- If the enrollee's paid claims net of CSR MOOP adjustment is less than \$250,000, reinsurance payments = paid amount net of CSR adjustment - \$45,000.
- If the paid claims net of CSR MOOP adjustment is greater than \$250,000, reinsurance payments = \$205,000.

Step 5: Apply National Reinsurance Parameters (Continued)

- Applying the reinsurance parameters to enrollees' costs net of the MOOP adjustment provides an estimate of enrollees' reinsurance payments.
- Depending on the amount of reinsurance contributions collected, CMS will pay up to 100% of claims costs that fall between the attachment point and reinsurance cap.
- EDGE Reports will also provide a payment estimate, assuming an 80% coinsurance rate.
- June 30, 2015 – CMS will provide issuers with a payment report that includes the actual coinsurance rate based on collected contributions.

Reinsurance Calculation Example

STEPS	EXAMPLE
Step 1: Identify Reinsurance Eligible Claims	\$400,000
Step 2: RI Eligible Enrollees	3 RI Eligible Enrollees
Step 3: Assign & Calculate Reinsurance Eligible Claims for Reinsurance Eligible Enrollees	Enrollee A: \$300,000 Enrollee B: \$20,000 Enrollee C: \$0

Reinsurance Calculation Example (Continued)

STEPS	EXAMPLE
Step 4: Apply CSR MOOP Adjustment to Total Paid Amount	<p>Enrollee A is in a 94% CSR plan for 12 months:</p> <p>CSR MOOP Adjustment <i>Enrollee A</i> =</p> $\frac{(\text{Days in the Policy in the Payment Year})}{365} \times (\text{MOOP}_{\text{Standard Plan}} - \text{MOOP}_{\text{Enrollee}})$ $\frac{(365)}{365} \times (\$5,000 - 3,000)$ $1 \times \$2,000$ <p>Enrollee A CSR MOOP Adjustment = \$2,000</p> <p>Enrollee B is in a '01' standard plan: Enrollee B CSR MOOP Adjustment CSR MOOP Adjustment = \$0</p> <p>Enrollee C is in a '00' off exchange plan: Enrollee C CSR MOOP Adjustment CSR MOOP Adjustment = \$0</p>

Reinsurance Calculation Example (Continued)

STEPS	EXAMPLE
Step 4: Apply CSR MOOP Adjustment to Total Paid Amount	Enrollee A: $\$300,000 - \$2,000 = \$298,000$ Enrollee B: $\$100,000 - \$0 = \$100,000$ Enrollee C: $\$0 - \$0 = \$0$
Step 5: Apply National Reinsurance Parameters	Enrollee A: Since the CSR MOOP Adjustment Total Paid Amount is greater than the RI CAP, the RI payment is equal to the difference in RI Cap and RI Attachment Point ($\$250,000 - 45,000 = \$205,000$) Enrollee B: $\$100,000 - \$45,000 = \$55,000$ Enrollee C: $\$0$

Reinsurance Reporting

Reinsurance Reporting

- Two reports are generated each time reinsurance calculation is initiated:
 - **Detailed Reinsurance Enrollee Report:** provides information on RI calculation for every enrollee including the claim IDs that were used in each enrollee's reinsurance calculation. Only issuers have access to this report.
 - **Reinsurance Plan Summary Report:** contains aggregated issuer level information on RI payments. Both CMS and issuers will receive this report.

Next Steps

Next Steps: Training Sessions

CMS will continue to support Stakeholders through the RI Payment Calculation Estimate process by hosting webinar and user group sessions.

Next Steps: Training Sessions (continued)

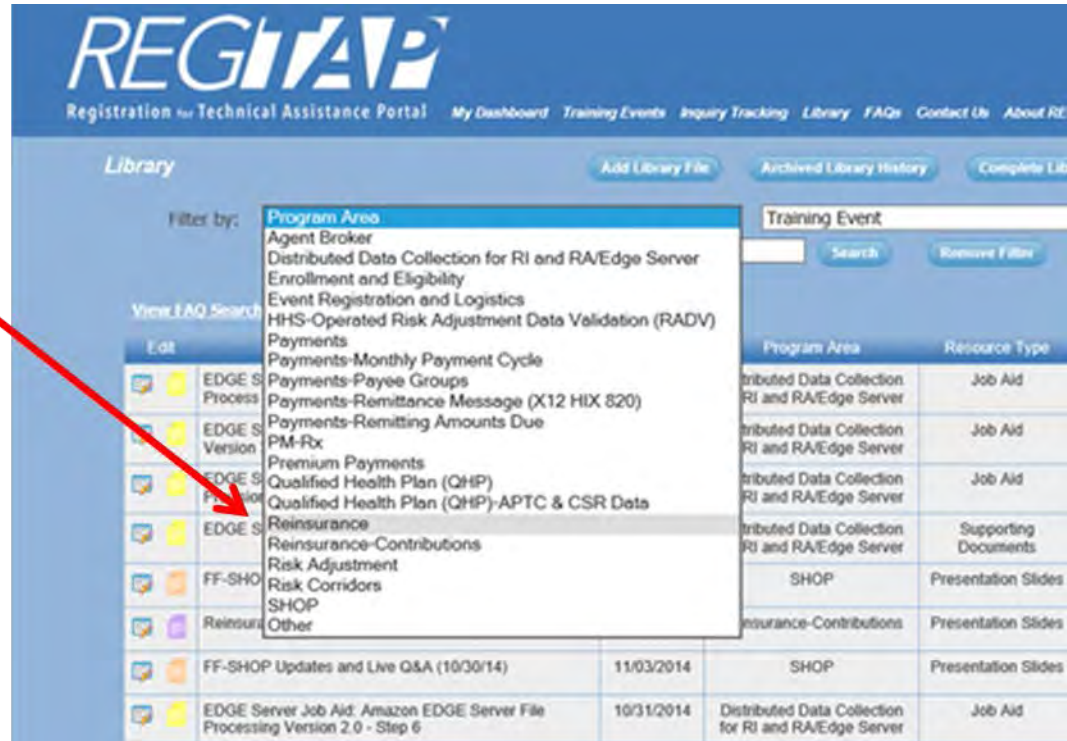
Upcoming Webinars & User Groups:

Date	Time	Topic
November 20, 2014	3:30 p.m. – 5 p.m. ET	RI Reports
December 4, 2014	3:30 p.m. – 5 p.m. ET	RI Discrepancies
December 11, 2014	3:30 p.m. – 5 p.m. ET	RI Calculations
December 18, 2014	3:30 p.m. – 5 p.m. ET	RI Q&A Session

Locating Reinsurance Documents in REGTAP

Stakeholders can access additional documents at <https://www.REGTAP.info> in the REGTAP Library.

Under Program Area, select 'Reinsurance'



The screenshot shows the REGTAP Library interface. The 'Filter by: Program Area' dropdown menu is open, displaying a list of program areas. The 'Reinsurance' option is highlighted. A red arrow points from the text 'Under Program Area, select 'Reinsurance'' to the 'Reinsurance' option in the dropdown menu.

Program Area	Resource Type
Distributed Data Collection for RI and RA/Edge Server	Job Aid
Distributed Data Collection for RI and RA/Edge Server	Job Aid
Distributed Data Collection for RI and RA/Edge Server	Job Aid
Distributed Data Collection for RI and RA/Edge Server	Supporting Documents
SHOP	Presentation Slides
Reinsurance-Contributions	Presentation Slides
FF-SHOP Updates and Live Q&A (10/30/14)	Presentation Slides
EDGE Server Job Aid: Amazon EDGE Server File Processing Version 2.0 - Step 6	Job Aid

Questions?

To submit questions by phone:

- *dial '14' on your phone's keypad*
 - *dial '13' to withdraw your question*

Resources

Resources

Resource	Resource Link
U.S. Department of Health & Human Services	http://www.hhs.gov/
Centers for Medicare & Medicaid Services (CMS)	http://www.cms.gov/
The Center for Consumer Information & Insurance Oversight (CCIIO) web page	http://www.cms.gov/ccio
Consumer website on Health Reform	http://www.healthcare.gov/
Registration for Technical Assistance Portal (REGTAP) - presentations, FAQs	https://www.REGTAP.info

Resources (continued)

Resource	Resource Link
Patient Protection and Affordable Care Act (ACA)	http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/content-detail.html
Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment under the ACA	http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17609.pdf
HHS Notice of Benefit and Payment Parameters for 2014 and Amendments to the HHS Notice of Benefit and Payment Parameters for 2014	http://www.gpo.gov/fdsys/pkg/FR-2013-03-11/pdf/2013-04902.pdf
HHS Notice of Benefit and Payment Parameters for 2015 and Amendments to the HHS Notice of Benefit and Payment Parameters for 2015	http://www.gpo.gov/fdsys/pkg/FR-2014-03-11/pdf/2014-05052.pdf

Resources (continued)

Resource	Resource Link
Standards Related to Reinsurance, Risk Corridors and Risk Adjustment under the ACA	http://www.gpo.gov/fdsys/pkg/FR-2012-03-23/pdf/2012-6594.pdf
Program Integrity: Exchange, Premium Stabilization Programs, and Market Standards; Amendments to the HHS Notice of Benefit and Payment Parameters for 2014	http://www.gpo.gov/fdsys/pkg/FR-2013-10-30/pdf/2013-25326.pdf
Health Insurance Market Rules, Rate Review Final Rule	http://www.gpo.gov/fdsys/pkg/FR-2013-02-27/pdf/2013-04335.pdf
HHS-Developed Risk Adjustment Model Algorithm Instructions	https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ra-instructions-4-16-13.pdf

Inquiry Tracking and Management System (ITMS)

Stakeholders can submit inquiries to ITMS at <https://www.REGTAP.info>

Select 'Submit an Inquiry' from My Dashboard.



FAQ Database on REGTAP

My Dashboard



The FAQ Database allows users to search FAQs by FAQ ID, Keyword/Phrase, Program Area, Primary and Secondary categories, and Publish Date.

FAQ Database is available at
<https://www.regtap.info/>

FAQ Search

FAQ ID

Keyword/Phrase

Program Area
Select All
Agent Broker
Distributed Data Collection for RI and RA/Edge Server
Enrollment and Eligibility
Event Registration and Logistics

Primary Category

Secondary Category

Publish Date
Start Date 22 End Date 22

Primary and Secondary Category search available only when one (1) Program Area is selected.

Closing Remarks