

Section 1332 of the Patient Protection and Affordable Care Act (PPACA) 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 paragraph 10 of your specific terms and conditions (STC), 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:

A. GRANTEE INFORMATION		
1. Reporting Period End Date December 31, 2020	2. Report Due Date March 31, 2021	3. Report Submitted On (Date)
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency SIWIW190008	6a. DUNS Number 1559150930000	6b. EIN 396006451
7. Recipient Organization Name State of Wisconsin Office of the Commissioner of Insurance		
Address Line 1 125 South Webster Street		
Address Line 2		
Address Line 3		
City Madison	State WI	Zip Code 53707
Zip Extension	8. Grant Period Start Date January 1, 2019	9. Grant Period End Date December 31, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		

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B. REPORT CERTIFICATION
<p>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.</p>
<p>11a. Typed or printed name and title of Authorized Certifying Official Nathan Houdek</p>
<p>11b. Signature of Authorized Certifying Official</p>
<p>11c. Telephone (area code, number, and extension) (608) 266-2493</p>
<p>11d. E-mail address Nathan.Houdek@wisconsin.gov</p>
<p>11e. Date report submitted (month/day/year)</p>
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>
<p>12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.</p> <p>In each quarter of 2020, insurers participating in the Wisconsin Healthcare Stability Plan (WIHSP) reported to OCI a list of claims falling within the payment parameters, as well as an estimate of the WIHSP payment amount the insurer would receive for those claims. The payment parameters for 2020 were as follows: \$40,000 attachment point, \$175,000 cap and a 50% coinsurance rate. OCI sent emails to the insurers and posted to its website the quarterly WIHSP claim totals (i.e., one aggregate total for each quarter). Here is a link to the OCI WIHSP website containing this information: https://oci.wi.gov/Pages/Consumers/HealthcareStabilityPlan.aspx)</p> <p>Below is a summary of additional WIHSP activities OCI participated in during each quarter of 2020.</p> <p>Quarter 1</p> <p>February 2020: OCI worked with Wakely Actuarial on an insurer data call to help inform the 2021 payment parameter setting process, which continued into Quarter 2.</p> <p>OCI sent insurers an e-mail indicating the deadline to file their final reinsurance claim data moved from May 15, 2020 to May 29, 2020. It was explained to insurers that the reason for the change was the modified federal 2019 EDGE server data submission deadline (from April 30th to May 14th). As a reminder, the final claims data submitted to OCI must reflect EDGE data and the insurers submit documentation attesting to the fact that they are, in fact, submitting EDGE data.</p> <p>Internal management of the WIHSP changed in first quarter with the retirement of Sue Ezalarab.</p> <p>Quarter 2</p>

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April 27, 2020: OCI public hearing, via webinar, was held on draft 2021 payment parameters [\$40,000 attachment point, 48% co-insurance, \$175,000 cap]. A public comment period was provided, ending May 4, 2020. No verbal comments were made at the hearing.

May 11, 2020: The payment parameters were finalized.

May 15, 2020: OCI received insurer Q1 claim reports. Total claims reported: \$18,903,769.

May 29, 2020: Insurer final PY 2019 claims data were due, along with the required attestation and affirmation forms. The total WIHSP program claim amount for PY 2019 is \$174,254,353.91.

June 9, 2020: OCI sent insurers phase I audit documents. OCI conducted a verification audit of PY 2019 data in two phases. Phase I entailed collecting 58 claim samples across the carriers and requesting insurers to provide the individual claim amounts for selected enrollees that roll up to the total submitted to OCI for those enrollees. The number of enrollees sampled from each insurer was based on their WIHSP claim volume (higher claim insurers were asked to provide data on more enrollees than those with lower claim volume). Once insurer responses were submitted, OCI verified the totals on the audit form match those submitted as part of the insurer's final PY 2019 claims data. Insurer data for phase I was due July 15, 2020 and OCI review was completed on July 24, 2020 (Quarter 3).

June 20, 2020: OCI sent each insurer their estimated PY 2019 payment amount. This is a state statutory requirement. The figures sent to the insurers reflect the data they send to OCI on their final claim forms.

June 30, 2020: OCI issued an open meeting notice for the WIHSP annual forum; scheduled for July 30.

Quarter 3

July 24, 2020: OCI completed review of the claims data for the Phase I audit. Items reviewed included: submission of the OCI data attestation form; submission of the confirmation page from the Attestation and Discrepancy Reporting Summary the insurers enter into with CMS after EDGE data is finalized; submission of the state affirmation of data form, submission of the OCI audit phase I form and confirmation that the totals on that form match claim totals submitted on the final WIHSP claim submission report.

July 24, 2020: 2019 Annual Report submitted to CCIIO and posted to the OCI website.

July 30, 2020: Annual Post Award Forum held.

August 3, 2020: Insurers notified that Phase I of the audit was complete.

August 6, 2020: OCI sent insurers their PY 2019 payments. Wisconsin's state statutory deadline for payment is August 15 of each year.

August 6, 2020: OCI began work on the 2021 Pass Through Report.

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August 7, 2020: Insurers were notified that PY 2019 payment had been sent.

August 10, 2020: OCI began Phase II of the audit process. Insurers were asked to provide proof of payment for two claims that were submitted to OCI under Phase I of the audit process.

August 17, 2020: OCI submitted the Q2 report to CCIO.

August 28, 2020: The Federal Periodic Review call to discuss the 2019 annual report was held.

September 2020: OCI submitted its state budget request, including state funding for WIHSP. The amount is targeted toward operating a \$200 million program and therefore the state portion will cover what the federal funds do not, for a program total of \$200 million.

September 14, 2020: PY 2021 Pass Through Report was sent to CCIO.

September 22, 2020: Insurer Phase II proof of payment documents were due to OCI.

Quarter 4

October 2020: OCI re-visited the Emergency Rule that is in place and governs WIHSP. This rule does not expire and remains in place until a permanent rule is adopted. Changes likely to be proposed are not substantive in nature. OCI hopes to modify the regulation and submit changes to the Legislature at some point in 2021.

October 13, 2020: Review of Phase II audit documents completed, and audit closed. No issues surfaced with the carriers. All submitted documentation to validate claims reported as part of their final claims report.

November 14, 2020: Insurers submitted their Quarter 3 claim estimates.

November 23, 2020: OCI submitted its Quarter 3 report to CMS.

November 2020: OCI published the Quarter 3 aggregate claims total to the OCI website. The total claims amount was \$109,759,180.85

Quarter 4 claim reports were submitted by insurers February 14, 2021 and totaled \$171,504,526.72. Based on current estimates, it is anticipated the final 2020 claim amounts reported in May of 2021 will fall below \$200 million, while insurer annual projections for WIHSP claims at the time rates were filed totaled a figure over \$200 million. It is likely the COVID-19 pandemic impacted claim volume for 2020 and it is unknown at this time how PY 2021 claims may be impacted.

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13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

N/A

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D. PROGRESS OF SECTION 1332 WAIVER - State-Specific		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	175,763	2020 average (data from issuers)
Actual individual market enrollment off the Exchange in the state	17,452	2020 average (data from issuers)
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$656.80	2020 (data from issuers)
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$575.71	2020 (data from issuers)
c. 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	Please see attached excel document	
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	Please see attached excel document	
d. For states with State-based Exchanges , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year		
e. 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.		

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15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.

N/A

16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.

The payment parameters for PY 2021 differ from PY 2020 in that the coinsurance rate is 48%, rather than 50%.

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

N/A

18. Report on spending:

	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$127,726,259	This is the federal pass through amount spent for PY 2019 claims. PY 2020 claims won't be paid until August 2021.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0.00	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$141,955,242	This is the total amount of federal pass through dollars allocated for PY 2020. It is unspent because PY 2020 payments to insurers won't be made until August 2021.

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<p>d. Amount of state funding contribution to fully fund the program for the reporting year</p>	<p>Exact amount unknown (see Comments)</p>	<p>The state contribution will be the claim amount minus the federal contribution. Insurer 2020 final claim amounts are not due to OCI until May of 2021. OCI will know at that time the level of state funding needed to fully fund the program. That said, WIHSP is funded with a sum sufficient appropriation, meaning the state will pay the amount needed to fully fund the program, after the federal dollars are applied. The total cost of the program with federal and state dollars combined cannot exceed \$200 million.</p>
<p>19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.</p> <p>N/A</p>		
<p>20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.</p> <p>N/A</p>		
<p>21. If applicable, report of 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.</p>		
	Value	Comments (if applicable)
<p>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</p>	<p>N/A</p>	
<p>b. Risk adjustment amount paid by HHS for those claims</p>	<p>N/A</p>	

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c. Reinsurance reconciliation (or true-up) amount applied	N/A	
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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

24. Date Post-Award Forum took place

July 30, 2020

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

The forum was held via Zoom due to the COVID-19 pandemic. OCI delivered a presentation and posted it to the OCI website:
https://oci.wi.gov/Documents/AboutOCIWisconsinHealthcareStabilityPlan2020annualforumpresentation7_28_20.pdf

There were no questions or comments offered during or after the OCI presentation.

The Wisconsin Association of Health Plans and Quartz Health Plan submitted comments acknowledging the role WIHSP has played in reducing rates.

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

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.

Leading up to and during the first year of the program, regular meetings were scheduled with senior management to debrief on the status and plans for implementation. PY 2020 was the second year of the

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program with established processes in place to operationalize the program. Operations were relatively smooth, including the 2019 phase I and phase II audits of insurer claim amounts that were conducted in PY 2020. When issues do arise, such as HHS indicating we needed to complete the FFR form that we were not aware of as part of our operations, the WIHSP Administrator updates the Deputy Commissioner of the issue and appropriate staff are brought into the discussion to problem solve. That worked well for the FFR issue, which has since been resolved.