

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, 2021	2. Report Due Date March 31, 2022	3. Report Submitted On (Date) July 6, 2022
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) July 6, 2022</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 2021, 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 2021 were as follows: \$40,000 attachment point, \$175,000 cap and a 48% 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 2021.</p> <p>Quarter 1</p> <p>January 12, 2021: The state submitted the SF 425 form.</p> <p>January 21, 2021: OCI sent insurers the PY 2021 claim reporting forms.</p> <p>January 28, 2021: The state submitted the annual FFR form.</p> <p>February 4, 2021: OCI started discussions with Wakely (consulting actuary) on establishing PY 2022 payment parameters.</p> <p>February 12, 2021: Data call was sent to insurers to help inform PY 2022 payment parameter setting.</p> <p>February 14, 2021: Insurers submitted their PY 2020 Q4 claims reports. The Q4 aggregate claim total is: \$171,504,526.72</p> <p>March 26, 2021: Wakely sent OCI PY 2022 payment parameter options to consider.</p> <p>March 30, 2021: OCI sent HHS the WIHSP PY 2020 annual report.</p>

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Quarter 2

Administrative Rule:

The rule governing the program had been an emergency rule (ER) that remained in place until a permanent rule was adopted. OCI wanted experience operating the program before moving forward with a permanent rule. The proposed permanent rule largely mirrors the ER, with a few updates to allow OCI flexibility in setting reporting dates, clarification around claim reconciliation after final claims are reported, and language allowing insurers to file claims for enrollees in the grace period where insurers are obligated to pay. A public hearing was held via Zoom on April 5, 2021. The Wisconsin Association of Health Plans provided written testimony (attached to the email with this report). No verbal remarks were made at the hearing. On June 10, 2021 the Governor approved the proposed permanent rule for consideration by the Legislature. The rule was filed with the Legislature on June 11, 2021. The rule process is lengthy. Assuming no unforeseen delays, the proposed permanent rule was expected to be adopted before the end of 2021 (see Quarter 4 for additional information on this rule).

2022 Payment Parameters:

A public hearing on proposed 2022 payment parameters was held on April 26, 2021. A comment period for interested parties to submit written comments was made available from April 19, 2021 through May 3, 2021. The Wisconsin Association of Health Plans, Anthem, and Common Ground submitted written comments (submitted to CCIIO with the Q2 report). The proposed parameters kept the attachment point and cap the same as plan year 2021 but reduced the co-insurance from 48% to 43.75%. Comments largely centered around discontent with the decreased co-insurance amount. OCI, based on an analysis completed by its contracted actuary, indicated a change in the payment parameters was necessary to keep the program at a \$200 million program (statutory requirement). OCI asked the actuary to run scenarios reflecting the 2021 parameters, as well as the impact of having a 50% co-insurance rate. The additional funding amount needed to move forward with a modification, such as a 50% co-insurance rate, was shared with the WI Association of Health Plans. Due to the \$200 million (all funds) funding cap on the program, on May 13, 2021, OCI finalized the payment parameters as \$40,000 attachment point, 43.75% co-insurance rate, and \$175,000 cap. Shortly after the payment parameters were finalized, insurers started to lobby the Legislature (as they were deliberating the 2021-23 biennial budget) for an increase in funding to the program. Both houses of the Legislature approved an increase in spending from \$200 million to \$230 million (all funds), effective 2022. The approved provision also includes a directive to OCI to modify the 2022 payment parameters to account for the additional funding. The budget needed approval by the Governor before becoming law (see Quarter 3 for additional information about the state budget).

2021 Q1 Insurer Claim Reports Submitted:

Insurers submitted their Q1 2021 claim reports to OCI on May 15, 2021. The total claims amount reported was \$16,391,781.56. This amount is lower than claims reported in Q1 of 2020. That amount was \$18,903,769.

2020 Insurer Final Claim Reports Submitted:

Insurers submitted their final 2020 claim reports by May 15, 2021. The total claim amount reported was

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\$183,483,625.85. OCI has a statutory requirement to send insurers the aggregate amount and confirm their individual payment totals by June 30, 2021. On June 28, 2021 insurers were sent an email with the aggregate total and a message indicating they would receive the amount they submitted on their final claim report, assuming no issues arise during the audit process.

Phase I Verification Audit:

Phase I of the audit process entails OCI choosing a sample of 60 enrollees, across all carriers, for review. Insurers with the highest WIHSP claim totals are asked to provide more samples than those with lower claim amounts. For each identified enrollee, insurers must submit information such as date, provider, and claim total for every claim that rolls up to the total claim amount reported. Insurers were sent templates with the identified enrollees on May 24, 2021 and were given until July 7, 2021 to complete and return them to OCI.

Annual Forum:

In May, OCI asked HHS for permission to hold the annual forum virtually using Zoom. Permission was granted and, per HHS instructions, OCI posted the approval to its website. OCI also noticed and posted a public hearing notice for the forum on June 2nd. The forum date is scheduled for July 14, 2021. Here is a link to the public hearing notice and OCI/HHS email correspondence: <https://oci.wi.gov/Pages/Consumers/HealthcareStabilityPlan.aspx>

1332 Waiver Extension Request:

On June 1, 2021, OCI sent HHS a letter indicating its plan to apply for a five year waiver extension. On June 30, 2021, HHS sent a letter back confirming receipt and listing the application requirements.

Quarter 3

2020 Annual Report:

OCI received questions from HHS & the Department of Treasury regarding the draft 2020 annual report on July 7, 2021. On July 12, 2021, OCI submitted responses to those questions to CMS, as well as the annual report as a final report.

State Budget & Increase in WIHSP funding limit:

On July 8, 2021, Governor Evers signed the state budget increasing the WIHSP spending limit from \$200 million to \$230 million, effective 2022. The budget also required OCI to modify the 2022 payment parameters to increase the coinsurance amount to 50% (to reflect the increased spending limit). OCI published the revised parameters on July 12, 2021. The 2022 parameters are now established to be \$40,000 attachment point, 50% co-insurance, and \$75,000 cap. A report on legislative activity leading up to the limit change was included in the WIHSP Q2 report to CMS, filed on August 2, 2021.

2021 Annual Forum:

The forum was held on July 14, 2021.

Phase I & II Verification Audits Completed & Final Payments Disbursed:

On July 13, 2021, the Phase I Verification Audit was completed with no concerns. All 2020 payments to

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insurers were complete as of July 21, 2021, ahead of the August 15th statutory deadline. Payments totaled \$183,483,625.85. Phase II of the Verification Audit was complete on September 1, 2021, with no problems detected.

Insurer Q2 Reports to OCI:

Insurer Q2 reports were due on August 14, 2021. All carriers submitted on time and the total Q2 WIHSP claims estimate is \$62,680,237.44.

Care Management and High Cost Claim Reporting:

OCI reviewed the reporting requirements in MD, CO, and DE, as suggested by CMS in their comments to the OCI 2020 WIHSP draft annual report. Draft templates to begin collecting high cost claim data for medical services and Rx drugs, as well as whether the insurers have medical management protocols in place for high cost conditions, are under internal review.

Quarter 4

2020 Final Annual Report:

HHS approved the report and, per federal requirements, OCI posted it to the OCI website.

Q3 Claim Totals:

Insurers reported their Q3 totals. The aggregate total claim amount for Q3 was: \$113,662,303.36 This total was shared with insurers and posted to the OCI website.

Permanent Regulation Adopted:

The permanent rule was adopted, replacing the emergency rule. Explanation can be found under "Quarter 2" above.

1332 Waiver Extension:

OCI drafted portions of the 1332 Waiver extension application.

Care Management and High Cost Claim Reporting Template:

OCI received feedback from insurers on the draft care management template and, as a result, made edits to the document. OCI sent it back to insurers for one last round of comments and received a few additional thoughts in December 2021. OCI will finalize the template in Q1 2022 and utilize it to collect PY 2021 data, along with the 2021 claims data. Additionally, once the template is finalized, OCI will share it with CCIIO.

State Auditing WIHSP:

The Legislative Audit Bureau (LAB) reached out to OCI indicating it would conduct a "Single" financial audit and a separate program audit. The Single audit is a state financial audit that includes several programs supported with federal funds. WIHSP will make up a portion of that audit. Two LAB teams, with some overlap, will conduct the audits. The WIHSP Administrator had a high-level discussion with the team working on the program audit. The LAB team working on the Single audit asked to schedule a meeting for January 2022 to discuss the nature of the audit and request data from OCI.

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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	180,427	
Actual individual market enrollment off the Exchange in the state	18,061	
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$630.80	
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$540.33	
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	
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	
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.

On July 8, 2021, Governor Evers signed the state budget increasing the WIHSP spending limit from \$200 million to \$230 million, effective 2022. The budget also required OCI to modify the 2022 payment parameters to increase the coinsurance amount to 50% (to reflect the increased spending limit). OCI published the revised parameters on July 12, 2021. The 2022 parameters are now established to be \$40,000 attachment point, 50% co-insurance, and \$75,000 cap. A report on legislative activity leading up to the limit change was included in the WIHSP Q2 report to CMS, filed on August 2, 2021.

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

See item 16.

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	\$202,811,341.37	This amount reflects the level of federal funds utilized to pay PY 2021 claims. Actual payment was made in July 2022.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$26,364,046.63	

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d. Amount of state funding contribution to fully fund the program for the reporting year	\$0	There were sufficient federal funds to pay PY 2021 WIHSP claims, therefore no state funds were needed.
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.		
N/A		
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.		
N/A		
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.		
	Value	Comments (if applicable)
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	N/A	
b. Risk adjustment amount paid by HHS for those claims	N/A	
c. Reinsurance reconciliation (or true-up) amount applied	N/A	
E. POST-AWARD FORUM		
22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?		
<input checked="" type="radio"/> Yes <input type="radio"/> No		
23. State website address where Post-Award Forum was advertised		
https://oci.wi.gov/Pages/Consumers/HealthcareStabilityPlan.aspx		

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It also gets posted to the Wisconsin Public Meetings, Notices, & Minutes website <https://publicmeetings.wi.gov/>

24. Date Post-Award Forum took place

The forum was held on July 14, 2021.

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.

Here is a link to the presentation OCI provided:
https://oci.wi.gov/Documents/AboutOCI/WIHSP_2021_AnnualPublicForumPresentation.pdf

The annual forum, with the permission of CMS, was held via Zoom. The list of attendees is attached to the email that included this annual report. There were no questions during or after the forum. The Wisconsin Association of Health Plans (WAHP) submitted written comments in support of WIHSP and the increased spending limit approved in the budget. The WAHP letter is attached to the email containing this annual report.

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

Unable to attach documents, therefore, the two attachments referenced under point 25 were sent separately.

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.

The WIHSP Administrator sends regular updates to an internal team with respect to WIHSP activity throughout the plan year. The former Deputy Commissioner, now Commissioner, is part of that team and is kept apprised of the program's status. Any issues that surface are discussed and any necessary action taken.