

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, 2019	2. Report Due Date July 27, 2020	3. Report Submitted On (Date) July 23, 2020
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 Commissioner of Insurance		
Address Line 1 125 S Webster Street		
Address Line 2		
Address Line 3		
City Madison	State Wi	Zip Code 53703
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)		
Two attachments: 1. Excel document with market value data 2. Memo detailing CMS and the Department of Treasury questions related to the draft annual report and OCI's responses		

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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) Jul 23, 2020</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 the first quarter, OCI completed collecting claims, banking and government relations contact information for individual market insurers eligible for participation in the Wisconsin Healthcare Stability Plan (WIHSP). On March 26, 2019, the Deputy Commissioner sent insurers offering plans in the individual market an e-mail with reminders of quarterly reporting deadlines, key dates, and program contacts within the office.</p> <p>The Deputy Commissioner sent an email on May 2, 2019 to update insurers of staffing changes, as Terri Carlson the initial administrator accepted a position outside of OCI and Sue Ezalarab was named the new administrator.</p> <p>Per s. 601.83(3), Wis. Stats, the commissioner must set the payment parameters by no later than March 30 of the calendar year before the applicable benefit year, unless the commissioner specifies a different date by rule. Emergency Rule 1831 extends that date to May 15. The commissioner proposed 2020 payment parameters, held a hearing on April 29, 2019, and offered a comment period as opportunities for public feedback. Given no objections or substantive comments on the proposed parameters, the commissioner announced the 2020 payment parameters on May 10, 2019, to include an attachment point of \$40,000 and a cap of \$175,000. A 50% coinsurance will be applied.</p> <p>Insurers offering coverage in the individual market that want to participate in WIHSP filed their quarterly claims data with OCI no later than 45 days after the end of each quarter. Insurers were also asked to submit quarterly revisions to calendar year projections originally submitted in the 2019 rate filings. OCI held regular status meetings on the implementation of the waiver to update OCI management on grant administration issues.</p>

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OCI updated its website with information about the waiver including Frequently Asked Questions for filers, copies of quarterly reports, and quarterly estimated reinsurance payments based on data received from filers each quarter. <https://oci.wi.gov/Pages/Consumers/HealthcareStabilityPlan.aspx>

OCI worked with its actuarial consultant to prepare the Pass-through Funding report and submitted it by the September 15 deadline.

In the fourth quarter, OCI requested payment information from insurers in preparation for the reinsurance payments. OCI also identified contacts for the claims audits.

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.

There were no implementation or operational challenges to meeting the statutory guardrails.

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D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
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	177,765	Issuer Submitted Monthly Average
Actual individual market enrollment off the Exchange in the state	17,448	Issuer Submitted Monthly Average
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$702.08	Issuer Submitted Monthly Average
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$600.29	Issuer Submitted Monthly Average
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	See 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	See 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	N/A	
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.	N/A	

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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.

Wisconsin's waiver does not impact the scope of benefits or the EHB benchmark.

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.

There are no changes to the funding level overall. WIHSP remains a \$200 million program. However, the federal portion of the funding increases for plan year 2020 to \$141,950,573.

The payment parameters for 2020 have changed from 2019.

2020 Attachment point \$40,000

2020 Coinsurance rate 50%

2020 Reinsurance cap \$175,000

The process for determining the payment parameters is set out in state statute and requires an actuarial review. There is a public hearing before the final payment parameters are adopted.

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

There were no changes to state law in 2019.

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	0	Payments will be made in August 2020 and are anticipated to utilize the entire federal allocation.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	0	Existing OCI staff and resources operate the program.
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$127,726,259	Payments will not be made until August 2020

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d. Amount of state funding contribution to fully fund the program for the reporting year	\$72,273,741	Payments will not be made until August 2020
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	0	The first payments will not be made until August of 2020 and will not account for reconciliation with the federal Risk Adjustment program.
b. Risk adjustment amount paid by HHS for those claims	N/A	N/A
c. Reinsurance reconciliation (or true-up) amount applied	N/A	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		

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23. State website address where Post-Award Forum was advertised

oci.wi.gov

24. Date Post-Award Forum took place

May 7, 2019

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 public forum was held on May 7, 2019. Olivia Hwang, Director of Public Affairs, delivered a presentation and hard copies were available at the meeting.

Bobby Peterson, ABC for Health, asked a question related to OCI's mechanism for holding insurers accountable for lowering rates in light of the program.

o OCI Response: State law and OCI require insurers to submit 2 rates; one reflecting WIHSP being in place and the other reflecting what the insurer would have filed if WIHSP was not in place. Staff also addressed the validity of the claims data filed with OCI by explaining the verification audit process and the use of EDGE Server data for the carriers final, end of year reporting.

- Bobby Peterson also asked whether the OCI has to apply for a waiver every year, how much state funds are supporting the program and what the revenue source is; how the state portion of the program compares to what other states are paying, how the states operation of the program compares to other states, and whether any data would be reported out by the state throughout the year.

o OCI Response indicated the following:

- The waiver is approved for a 5 year period.
- For plan year 2019, the federal government approved approximately 128 million dollars and the state budget includes 72 million dollars (in keeping with the \$200 million program approved by HHS).
- State funding is general purpose revenue (GPR).
- Other states have contributed more than Wisconsin. Minnesota is an example, although part of their initial costs may have been attributed to the basic health plan population.
- Operationally Wisconsin's process is similar to Oregon where claims data is collected, attested to and audited. Minnesota has a separate entity outside of the insurance department managing the data and more directly accessing EDGE data.
- Per state statute, OCI will provide to the insurers on a quarterly basis the amount of claims reported to qualify for WIHSP, on an aggregate basis, and OCI posts this to the website. OCI also has operational reports due to HHS quarterly.
- Lisa Ellinger of the Wisconsin Hospital Association, asked why the payment parameters for the 2020 plan year vary from those set for 2019.

o OCI Response: To maximize the program and ensure it remains a \$200 million program, the parameters needed to shift a bit; based on expected enrollment and claims trends for 2020.

The hearing adjourned at 10:30 a. m. The record was held open, but no additional comments were received.

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

N/A

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.

There is an internal meeting every other week to discuss any operational issues. The attendees are the WIHSP program manager, a Senior Health Policy Advisor, Deputy Commissioner, Director of Public Affairs, OCI legal counsel, the Financial Analysis and Market Regulation Bureau Directors and other key staff on the Rate review team.

There were three quarterly reports and a Pass-through Funding report prepared for submission to CMS-CCIIO in 2019. These reports are posted on the WIHSP page on the OCI website.