UNDERSTANDING THE EDGE SERVER REINSURANCE PAYMENT CALCULATION

May 7, 2015

Payment Policy & Financial Management Group, Division of Reinsurance Operations Training Series

CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

HTTPS://WWW.REGTAP.INFO/

Agenda

- Session Guidelines
- Intended Audience
- Purpose
- Calculation Overview
- RI Calculation Examples
- Submission of Inquiries
- Frequently Asked Question (FAQ) Database
- Closing Remarks

Session Guidelines

- This is a 90-minute session.
- For questions regarding content, please submit inquiries to Registration for Technical Assistance Portal (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 (RI) Program
- Third Party Administrators (TPAs) and Support Vendors
- Amazon and On-Premise External Data Gathering Environment (EDGE) server issuers (Exchange and Non-Exchange)

Purpose

- This training will provide a step-by-step explanation of the individual enrollee-level reinsurance calculations that will occur on the EDGE server including:
  - Claims and enrollee selection rules
  - Application of the Cost-sharing Reduction (CSR) Maximum Out-of-Pocket Adjustment (MOOP) calculation for individual and family policy
- The training will also walk through examples of the reinsurance calculations.

Calculation Overview

Calculation of reinsurance payments on the EDGE server is broadly categorized into seven (7) steps:

1. Identify **RI claims that are eligible** to be included in the benefit year.
2. Identify **RI-eligible enrollees and enrollment periods**.
3. Calculate and **aggregate RI-eligible claims for RI-eligible enrollees** (aggregation of individual claims paid year-to-date (YTD)).
4. Apply **the CSR MOOP Adjustment** to total paid amount per enrollee.
5. Calculate **enrollee RI-eligible total paid amount.**
6. Apply national RI parameters to calculate **RI estimate per enrollee**.
7. Calculate **RI estimate per issuer**.

Step 1: Identify RI-Eligible Claims

The first step in the reinsurance process is identifying eligible claims used in reinsurance calculations.

Selection criteria for any eligible claim:

- Claim must be from an individual market plan.
- Claim must be in active status.
- Each claim must match to a Unique Enrollee Identifier (ID).
  - 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 (1) active enrollment period in 2014.

Step 1: Identify RI-Eligible Claims

- Medical Claims Selection Criteria
  - Statement Covers Through date must be January 1st – December 31st of the corresponding payment year.
  - Statement Covers From date must fall during the active enrollment period for the enrollee.
- Pharmacy Claims Selections Criteria
  - Fill Date must fall between January 1st – December 31st of the corresponding payment year.
  - Fill Date must take place during the active enrollment period for the enrollee.

Step 1: Identify RI-Eligible Claims

Plan Effective Start Date	Plan Effective End Date	Plan ID	Enrollment Period Start Date	Enrollment Period End Date	Enrollee ID	Claim ID	Claim Type (Medical / Pharmacy)	Covers From (Medical)	Covers To Date (Medical) Fill Date (Pharmacy)	Claim Paid Amount	RI-eligible ?	Exclusion Reason
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	12/31/2014	JSMITH	C123	Medical	12/14/2013	01/05/2014	$1,000	N	From date prior to 1/1/2014
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	12/31/2014	JSMITH	C125	Pharmacy	-	03/01/2014	$1,500	Y	-
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	12/31/2014	JSMITH	C126	Medical	12/20/2014	01/05/2015	$4,000	N	Through date not in the benefit year
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	12/31/2014	JSMITH	C127	Pharmacy	-	12/15/2014	$200	Y	-
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	05/31/2014	RANDRESON	C128	Medical	01/05/2014	01/05/2014	$5,000	Y	-
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	01/31/2014	RANDRESON	C129	Pharmacy	-	07/01/2014	$1,000	N	Claim does not take place during an active enrollment period
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	08/15/2014	JOHNSTEVEN	C131	Pharmacy	-	05/05/2014	$10,000	Y	-
01/01/2014	12/31/2014	11111VA0 04999901	01/01/2014	08/15/2014	EVANSTEVEN	-	-	-	-	-	N	No Claims

Step 2: Identify RI Eligible Enrollees and Enrollment Periods

- Next, issuers will select the complete list of RI-eligible enrollees and associated enrollment periods for the benefit year.
- **Selection criteria for eligible enrollees** - Enrollees ***must meet one (1)*** of the following criteria:
  - Enrollees must have one (1) or more eligible claims for the payment year;

  OR

  - Enrollees must have no RI-eligible claims and have an active enrollment period for an individual plan for the payment year.
- RI-eligible enrollees who do not have eligible claims will be included in RI reporting, but do not contribute to RI calculation estimates.

Step 2: Identify RI Eligible Enrollees and Enrollment Periods

Scenario	Enrollment Period ID	Plan ID	Enrollee ID	Enrollment Period Start Date	Enrollment Period End Date	Enrollee Indicator	Enrollee ID	Enrollment Period Activity Indicator	Eligible for RI?
Enrollee with one enrollment period	1	11111VA004 999901	JSMITH	01/01/2014	12/31/2014	Y	-	021028	Y
Enrollee with a partial year enrollment period	3	11111VA004 999901	RANDERSON	01/01/2014	05/31/2014	Y	-	021028	Y
Enrollee with a second partial year enrollment period on the same plan	4	11111VA004 999901	RANDERSON	08/01/2014	12/31/2014	Y	-	021028	Y
Family policy for a partial year	5	11111VA004 999901	JOHNSTEVENS	01/01/2014	08/15/2014	Y	-	021028	Y
	6	11111VA004 999901	MARYSTEVENS	01/01/2014	08/15/2014	N	JOHNSTEVENS	021028	Y
	7	11111VA004 999901	EVANSTEVENS	01/01/2014	08/15/2014	N	JOHNSTEVENS	021028	Y
Individual policy for an enrollee that is also on a family policy	8	11111VA004 999901	PJOHNSON	01/01/2014	01/31/2014	Y	-	021028	Y
A family policy where one enrollee is also in an individual policy	9	11111VA004 999901	PJOHNSON	01/01/2014	12/31/2014	Y	-	001	Y
	10	11111VA004 999901	SJOHNSON	01/01/2014	12/31/2014	N	PJOHNSON	021EC	Y
Enrollee on a second policy in the same plan	11	11111VA004 999901	SJOHNSON	01/01/2014	12/31/2014	Y	-	021028	Y
Ineligible Enrollment period based on coverage dates	**12**	**11111VA00 4999901**	**PCLARCK**	**01/01/2015**	**12/31/2015**	**Y**	**-**	**021028**	**N**

Step 3: Aggregate Individual Claims Paid YTD

- Next, all RI-eligible claims will be assigned to the respective RI-eligible enrollees.
- The **Total Plan Paid Amount** for each claim will then be aggregated for each issuer's enrollee.
  - If an enrollee is in more than one (1) plan for an issuer in one (1) year, claims across the plans will be aggregated.
- This will produce a YTD total paid amount, per enrollee, per issuer.

Step 3: Aggregate Individual Claims Paid YTD - Example

While enrollee JSMITH has a total of five (5) claims, only three (3) of them are RI-eligible, for a total enrollee Paid Amount of $3,700.

Total Amount Paid (JSMITH) = Sum RI-Eligible Claims = $2,000 + $1,500 + $200 = $3,700.00

Enrollee ID	Claim ID	Claim Type (Medical / Pharmacy)	Covers From (Medical)	Covers To Date (Medical) Fill Date (Pharmacy)	Claim Paid Amount	Included for RI?	Exclusion Reason	RI Eligible Plan Paid Amount per Claim	Total Enrollee Paid Amount
JSMITH	C123	Medical	12/14/2013	01/05/2014	$1,000.00	N	From date prior to 1/1/2014	$0.00	
JSMITH	C124	Medical	01/06/2014	01/06/2014	$2,000.00	Y	-	$2,000.00	
JSMITH	C125	Pharmacy	-	03/01/2014	$1,500.00	Y	-	$1,500.00	$3,700.00
JSMITH	C126	Medical	12/20/2014	01/05/2015	$4,000.00	N	To date not in the benefit year	$0.00	
JSMITH	C127	Pharmacy	-	12/15/2014	$200.00	Y	-	$200.00	

Step 4: Adjust Total Amount Paid YTD for MOOP

- The reinsurance calculation includes an adjustment for CSR enrollees to account for the CSR payments that issuers receive from the Department of Health and Human Services (HHS) in order to reduce their claims liability.
- The CSR MOOP calculation includes the following steps:
  - Identify CSR MOOP Adjustment Periods.
  - Look up MOOP reference value for each CSR MOOP Adjustment Period and apply CSR MOOP Adjustment logic.
  - Calculate the individual CSR MOOP Adjustment or, when applicable, calculate the family CSR MOOP Adjustment and allocate the family CSR MOOP Adjustment across family members.
  - Determine total CSR MOOP Adjustment for each individual by summing his or her CSR MOOP Adjustments across all CSR MOOP Adjustment Periods.

Step 4.1: Identify CSR MOOP Adjustment Periods

- A separate CSR MOOP calculation will be done for each CSR MOOP Adjustment Period.
- Example 1: One (1) individual, one (1) plan the whole year = only one (1) adjustment period = only one (1) CSR MOOP calculation
- Example 2: One (1) individual, two (2) plans in one (1) year = two (2) adjustment periods = two (2) CSR MOOP calculations
  - Period 2 is not a modification, therefore it does not extend the policy.

Example 1: Enrollee A is enrolled for all of 2014 in the same plan

2014 Coverage Year
Enrollee A 1/1/2014 - 12/31/2014
Result: One (1) individual MOOP calculation, because there is only one (1) adjustment period

Example 2: Enrollee B switches plans mid-year

2014 Coverage Year	
Enrollee B Period 1 1/1/2014 – 5/31/2014	Enrollee B Period 2 6/1/2014 - 12/31/2014
Result: Two (2) individual MOOP calculations, one (1) for each adjustment period	

Step 4.1: Identify CSR MOOP Adjustment Periods

- Removing or adding dependents also creates additional adjustment periods, resulting in additional CSR MOOP calculations.
- Example 3: Individual stays on the same plan but adds a dependent mid-year = two (2) CSR MOOP Adjustment Periods = two (2) CSR MOOP calculations (one (1) individual and one (1) family)
  - The second enrollment period is a modification, therefore it extends the policy.

Example 3: Enrollee C adds dependent mid-year

2014 Coverage Year	
Enrollee C Period 1 1/1/2014 – 5/31/2014	Enrollee C Period 2 6/1/2014 - 12/31/2014
	Dependent D Period 2 6/1/2014 - 12/31/2014
Individual MOOP calculation	***Family*** MOOP calculation

Step 4.2: Look up MOOP Reference Value for Each Adjustment Period and Apply CSR MOOP Adjustment Logic

- After adjustment periods are identified, the EDGE server then uses the plan reference data to find the appropriate values to use in the CSR MOOP calculation.
- For each adjustment period, the 16-digit Plan ID and policy structure (individual or family) are used to extract the MOOP value from the reference table.

Example Plan Reference Data

16 DIGIT PLAN ID	PLAN VARIANT	INDIVIDUAL MOOP	FAMILY MOOP
12345VA001999900	0	$6,350.00	$12,700.00
12345VA001999901	1	$6,350.00	$12,700.00
12345VA001999902	2	$ 0	$ 0
12345VA001999903	3	$6,350.00	$12,700.00
12345VA001999904	4	$5,200.00	$10,400.00
12345VA001999905	5	$2,000.00	$4,000.00
12345VA001999906	6	$700.00	$1,400.00

Step 4.3: Look up MOOP Reference Value for Each Adjustment Period and Apply CSR MOOP Adjustment Logic

- If an enrollee was in a plan for less than a year, then the CSR MOOP Adjustments are pro-rated for the duration of that person's enrollment.
- The system will use the following logic to calculate the CSR MOOP Adjustment:
  - Only enrollees in CSR plan variations will have non-zero (0) MOOP Adjustments.
  - Enrollees in plan variants of "00", "01", "30" and "31" will have a $0 MOOP Adjustment (the value from the plan reference table is not used).
  - For 16-digit plans with a variant other than "00", "01", "30"or "31", the CSR MOOP value of the 16-digit plan is subtracted from the CSR MOOP value for the "01" variant with the same first 14 digits of the Plan ID. The resulting value is the CSR MOOP Adjustment value used for the 16-digit Plan ID.

Step 4.3: Calculate Individual or Family MOOP Adjustment

Example for individual MOOP – Enrollee C

Individual	Family
Enrollee C 1/1/2014 – 5/31/2014	Enrollee C 6/1/2014 - 12/31/2014
	Dependent D 6/1/2014 - 12/31/2014

16-Digit Plan ID	Individual MOOP Value (From Plan Reference Table)	Calculation	CSR MOOP Adjustment
12345VA001999900	$6,350.00	Not Applicable – plan variant "00"	$0
12345VA001999901	$6,350.00	Not Applicable – plan variant "01"	$0
12345VA001999902	$0.00	($6,350 - $0) × $\frac{151 \text{ days}}{365 \text{ days}}$	$2,626.99
12345VA001999903	$6,350.00	($6,350 - $6,350) × $\frac{151 \text{ days}}{365 \text{ days}}$	$0
12345VA001999904	$5,200.00	($6,350 - $5,200) × $\frac{151 \text{ days}}{365 \text{ days}}$	$475.75
12345VA001999906	$6,350.00	($6,350 - $700) × $\frac{151 \text{ days}}{365 \text{ days}}$	$2,337.40
12345VA001999930	$6,350.00	Not Applicable – plan variant "30"	$0

Step 4.3: Calculate Individual or Family MOOP Adjustment

Example for family MOOP

1. Similar to the individual CSR MOOP Adjustment, to calculate the family MOOP Adjustment, the CSR plan variation family MOOP is subtracted from the standard plan family ("01" variant) MOOP, then the difference is prorated by proportion of days in the CSR MOOP Adjustment Period.
2. Once the MOOP Adjustment for the family policy is determined, the amount must be distributed across all enrollees in the family policy by their dollar share of total claims for that family, for that adjustment period.

Example 4: Calculating Family MOOP for Enrollee C's family

2014 Coverage Year	
Enrollee C Period 1 1/1/2014 – 5/31/2014	Enrollee C Period 2 6/1/2014 - 12/31/2014 **Claims for period 2: $100,000**
	Dependent D Period 2 6/1/2014 - 12/31/2014 **Claims for period 2: $200,000**
Individual MOOP calculation	*Family* MOOP calculation

Step 4.3: Calculate Individual or Family MOOP Adjustment

Example for Family MOOP – Calculating MOOP Adjustment

16-Digit Plan ID	Family MOOP Value	Calculation	CSR MOOP Adjustment for Family
12345VA001999900	$12,700.00	Not Applicable – plan variant “00”	$0
12345VA001999901	$12,700.00	Not Applicable – plan variant “01”	$0
12345VA001999902	$ 0	$12,700 - $0	$12,700
12345VA001999903	$12,700.00	$12,700 - $12,700	$0
12345VA001999904	$10,400.00	$12,700 - $10,400	$2,300
12345VA001999906	$4,000.00	$12,700 - $4,000	$8,700
12345VA001999930	$1,400.00	Not Applicable – plan variant “30”	$0

Step 4.3: Calculate Individual or Family MOOP Adjustment

Example for family MOOP – *distributing* MOOP Adjustment

The MOOP Adjustment is then distributed to each enrollee by their dollar share of total claims and pro-rated by share of days enrolled in plan.

16-Digit Plan ID	CSR MOOP Adjustment for Family	Amount allocated to Enrollee C	Amount Allocated to Dependent D
12345VA001999900	$0	$0	$0
12345VA001999901	$0	$0	$0
12345VA001999902	$12,700	$12,700 × $\frac{\$100K}{\$300K}$ × $\frac{214 \text{ days}}{365 \text{ days}}$ = $2,481,98	$12,700 × $\frac{\$200K}{\$300K}$ × $\frac{214 \text{ days}}{365 \text{ days}}$ = $4,964.02
12345VA001999903	$0		
12345VA001999904	$2,300	$2,300 × $\frac{\$100K}{\$300K}$ × $\frac{214 \text{ days}}{365 \text{ days}}$ = $449.50	$2,300 × $\frac{\$200K}{\$300K}$ × $\frac{214 \text{ days}}{365 \text{ days}}$ = $899.00
12345VA001999906	$8,700	$8,700 × $\frac{\$100K}{\$300K}$ × $\frac{214 \text{ days}}{365 \text{ days}}$ = $1,700.27	$8,700 × $\frac{\$200K}{\$300K}$ × $\frac{214 \text{ days}}{365 \text{ days}}$ = $3,400.55
12345VA001999930	$0	$0	$0

Step 4.3: Calculate Individual or Family MOOP Adjustment

Potential Errors

- If a 16-digit plan with a variant other than “00”, “01”, “30”or “31” does not have a CSR MOOP value in the plan reference table, or does not have a CSR MOOP value for the “01” variant with the same first 14 digits of the Plan ID, an Error Message is shown and the plan is excluded from the RI calculation.
- The CSR MOOP Adjustment cannot be negative. If the CSR MOOP value of the “01” variant for the plan is smaller than the CSR MOOP value of the 16-digit plan, an error will be logged and the 16-digit plan will not be included for the RI calculation.

Step 4.4: Determine MOOP Adjustment for Each Individual by Summing MOOP Adjustments Across All Adjustment Periods

Example 5: Enrollee C is enrolled in "04" variant

2014 Coverage Year	
Enrollee C 1/1/2014 – 5/31/2014 **$475.75**	Enrollee C 6/1/2014 - 12/31/2014 **$449.50**
	Dependent D 6/1/2014 - 12/31/2014 **$899.00**
Individual MOOP calculation	***Family*** MOOP calculation

Total MOOP Adjustment Enrollee C = $925.25

Total MOOP Adjustment Dependent D = $899.00

Step 5: Calculate Enrollee RI Eligible Total Paid Amount

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

Example for Enrollee C (Total Paid Amount = $100,000):
$100,000 - $925.25 = $99,074.75

…and Dependent D (Total Paid Amount = $200,000):
$200,000 - $899.00 = $199,101.00

Step 6: Apply National RI Parameters

- RI payments are made on total paid claims costs per enrollee (net of CSR MOOP Adjustment) ***that fall between the reinsurance attachment point*** and ***reinsurance cap.***
- These claim costs are then multiplied by a coinsurance rate to generate an ***RI estimate.***
- For Benefit Year 2014, the calculations will use the following parameters:
  - **Attachment point**: $45,000
  - **Reinsurance cap**: $250,000
  - **Coinsurance rate**: 80%
- If the enrollee's total paid claims net of CSR MOOP Adjustment **is greater than or equal to $250,000** then:
  - Reinsurance Payment = $205,000 x 80%
  - The difference between the RI cap ($250,000) and the RI attachment point ($45,000) = $205,000

Step 6: Apply National RI Parameters (continued)

- The EDGE server outbound reports calculate payment estimates ***assuming*** an 80% coinsurance rate.
- However, the coinsurance rate is dependent on the total funds CMS collects in reinsurance contributions. CMS may potentially pay up to 100% of claims costs that fall between the attachment point and reinsurance cap.
  - Therefore, the maximum RI payment estimate per enrollee could be up to $205,000.
- On June 30, 2015, CMS will provide issuers with a payment report that includes the actual coinsurance rate based on collected contributions and total eligible payments.

Step 7: Calculate Issuer-level RI Estimates

- At the end of Step 6, the system calculates RI payment estimates ***for each eligible enrollee***, based on RI-eligible claims.
- It will now sum these enrollee-level estimates ***for each issuer***.

Issuer RI Estimate Amount = Σ Enrollee RI Estimated Amounts for Benefit Year

RI Calculation Examples

Example 1: A Subscriber and a Dependent Enrolled for Full Year

Enrollee	Plan	Enrollment Dates	Total Paid Amount
Enrollee A	12345VA001999904	1/1/2014 - 12/31/2014	$100,000.00
Dependent B	12345VA001999904	1/1/2014 - 12/31/2014	$250,000.00

- What is the total number of CSR MOOP Adjustment Periods?
  - Enrollee A: 1/1/2014-12/31/2014
  - Dependent B: 1/1/2014-12/31/2014
- **Result:** A CSR MOOP Adjustment Period is created for the duration of the enrollment period, as there are no changes in enrollment.
- **MOOP Consequence**: There is one (1) CSR MOOP Adjustment Period, so there is only one (1) family CSR MOOP Adjustment.

Example 1: A Subscriber and a Dependent Enrolled for Full Year

Calculate the CSR MOOP Adjustment for the family.

$$\textit{CSR MOOP Adjustment} = (\textit{MOOP}_{\textit{Standard Plan}} - \textit{MOOP}_{\textit{CSR Plan Variant}}) \times \frac{\text{Days in CSR MOOP Adjustment Period}}{365}$$

$$\text{CSR MOOP Adjustment}_{\textit{Family}} = (\$12{,}700 - \$10{,}400) \times \frac{365}{365}$$

$$\text{CSR MOOP Adjustment}_{\textit{Family}} = \$2{,}300 \times 1$$

$$\text{CSR MOOP Adjustment}_{\textit{Family}} = \$2{,}300$$

Example 1: A Subscriber and a Dependent Enrolled for Full Year

Distribute the $2,300 per family member by their share of dollar amount of claims.

$$\textbf{CSR MOOP Adjustment}_{\textbf{Enrollee}} = \textbf{CSR MOOP Adjustment}_{\textbf{Family}} \times \frac{\textbf{Total Enrollee Claims in Adjustment Period (\$)}}{\textbf{Total Claims in Adjustment Period (\$)}}$$

$$\text{CSR MOOP Adjustment}_{\textit{Enrollee A}} = \$2{,}300 \times \frac{\$100{,}000}{\$350{,}000}$$

$$\text{CSR MOOP Adjustment}_{\textit{Enrollee A}} = \$657.14$$

$$\text{CSR MOOP Adjustment}_{\textit{Dependent B}} = \$2{,}300 \times \frac{\$250{,}000}{\$350{,}000}$$

$$\text{CSR MOOP Adjustment}_{\textit{Dependent B}} = \$1{,}642.86$$

Example 1: A Subscriber and a Dependent Enrolled for Full Year

- Next, calculate an enrollee's total MOOP Adjustment by summing the MOOP allocated for each adjustment period.
- However, since there is only one (1) policy for the entire 2014 Coverage Year, there is no need to sum enrollee policies.
- Therefore, the final MOOP Adjustment values for each enrollee are:

Enrollee A = $657.14

Dependent B = $1,642.86

Example 1: A Subscriber and a Dependent Enrolled for Full Year

Step 5: Calculate RI Eligible Total Paid Amount Net of CSR MOOP Adjustment for each enrollee

RI-Eligible Total Paid Amount Net of MOOP Adjustment=
Total Amount Paid – CSR MOOP Adjustment

For Enrollee A:

Total Paid Amount Net of MOOP = $100,000 – $657.14
= $99,342.86

For Dependent B:

Total Paid Amount Net of MOOP = $250,000 – $1,642.86
= $248,357.14

Example 1: A Subscriber and a Dependent Enrolled for Full Year

Step 6: Apply national parameters.

Enrollee RI Payment = (RI Total Paid Amount Net of MOOP Adjustment – Attachment Point) x 80%

For Enrollee A:

Enrollee A RI Payment Estimate = ($99,342.86 – $45,000) x .80
= $54,342.86 x .80
= $43,474.29

For Dependent B:

Enrollee B RI Payment Estimate = ($248,357.14 – $45,000) x .80
= $203,357.14 x .80
= $162,685.71

Example 1: A Subscriber and a Dependent Enrolled for Full Year

Step 7: Calculate issuer-level RI estimate by summing RI payment estimates for all enrollees.

Enrollee A RI Payment Estimate:	$43,474.29
Dependent B RI Payment Estimate:	+ $162,685.71
Total RI payment estimate for example issuer:	$206,160.00

Example 2: Two Enrollment Periods for One Subscriber

*Sum of RI-eligible paid claims for **one** (1) RI-eligible enrollee in **two (2)** plans offered by example issuer*

Enrollee	Plan	Enrollment Dates	Total Paid Amount
Enrollee A	12345VA001999904	1/1/2014 - 5/31/2014	$100,000.00
Enrollee A	12345VA001999905	6/1/2014 - 12/31/2014	$200,000.00

- What is the total number of MOOP Adjustment Periods?
  - Period 1: 1/1/2014-5/31/2014
  - Period 2: 6/1/2014-12/31/2014
- **Result:** Two (2) CSR MOOP Adjustment Periods are created. The second period is not a modification, therefore it does not extend the policy.
- **MOOP Consequence:** There are two (2) CSR MOOP Adjustment Periods, so there are two (2) CSR MOOP Adjustment calculations.

Example 2: Two Enrollment Periods for One Subscriber

Two (2) enrollment periods mean the MOOP calculation must be repeated (prorated for each period) and the resulting values summed.

$$\textit{CSR MOOP Adjustment} = (\textit{MOOP}_{\textit{Standard Plan}} - \textit{MOOP}_{\textit{CSR Plan Variant}}) \times \frac{\text{Days in CSR MOOP Adjustment Period}}{365}$$

Enrollee A Enrolled in "04" plan variant 01/01/2014 - 05/31/2014	Enrollee A Changed to "05" plan variant 06/01/2014 - 12/31/2014

CSR MOOP Adjustment $_{\textit{Enrollee A Policy 1}}$

$$= (\$6{,}350.00 - \$5{,}200.00) \times \frac{151}{365}$$

$$= \$475.75$$

CSR MOOP Adjustment $_{\textit{Enrollee A Policy 2}}$

$$= (\$6{,}350.00 - \$2{,}000.00) \times \frac{214}{365}$$

$$= \$2{,}550.41$$

$$\textit{CSR MOOP Adjustment}_{\textit{enrollee}} = \sum \textit{CSR MOOP Adjustment}_{\textit{period}}$$

$$\$475.75 + \$2{,}550.41 = \mathbf{\$3{,}026.16}$$

Example 2: Two Enrollment Periods for One Subscriber

Step 5: Calculate RI Eligible Total Paid Amount Net of CSR MOOP Adjustment for each enrollee.

RI-Eligible Total Paid Amount Net of MOOP Adjustment = Total Amount Paid – CSR MOOP Adjustment

Total Paid Amount Net of MOOP = $300,000 – $3,026.16
= **$296,973.84**

Example 2: Two Enrollment Periods for One Subscriber

Step 6: Apply national parameters.

Enrollee RI Payment = (RI Total Paid Amount Net of MOOP Adjustment – Attachment Point) x 80%

- Total Paid Amount net of MOOP in this example is > $250,000
- For all Total Paid Amount net of MOOP for each enrollee that is > $250,000, EDGE will use the same calculation (for 2014):

Enrollee RI payment estimate = (RI cap – RI attachment point) x .80

= ($250,000 - $45,000) x .80

= $164,000

Example 2: Two Enrollment Periods for One Subscriber

Step 7: Calculate issuer-level RI estimate by summing RI payment estimates for all enrollees.

Enrollee A RI Payment Estimate: **$164,000**

Note: Assuming example issuer has only one (1) enrollee

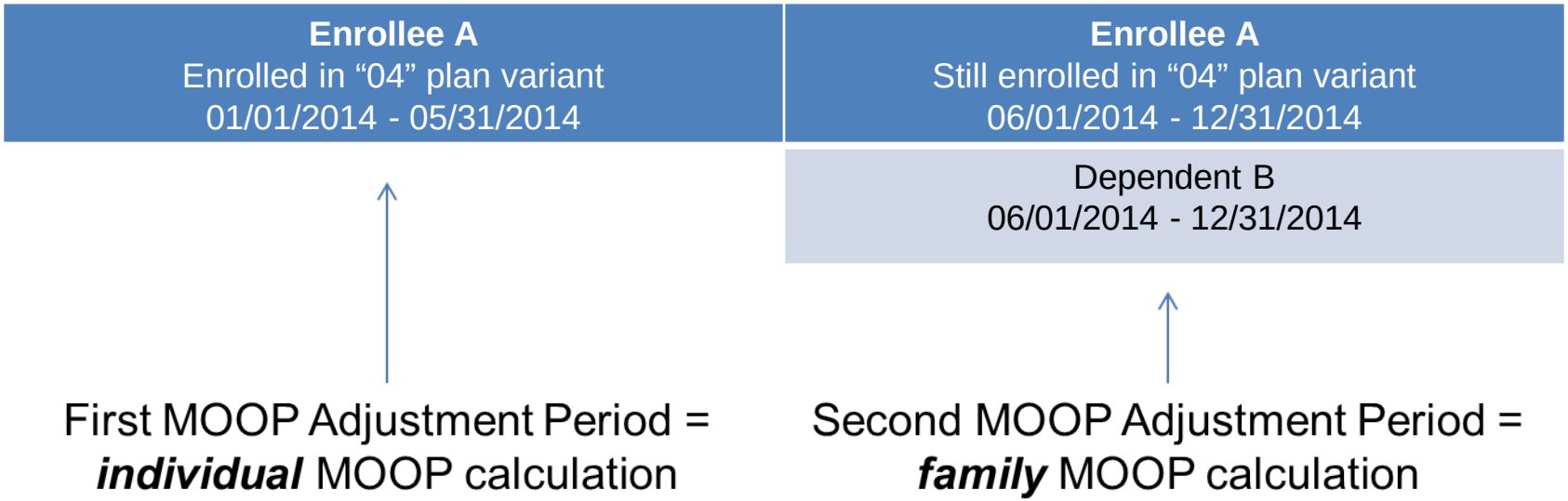
Example 3: Addition of Dependent in Middle of the Year

What is the total number of MOOP Adjustment Periods?

Sum of RI-eligible paid claims for a family of two (2) with addition of dependent mid-year in one (1) plan offered by example issuer

Enrollee	Plan	Dates	Total Paid Amount
Enrollee A	12345VA001999904	1/1/2014 - 5/31/2014	$500,000.00
Enrollee A	12345VA001999904	6/1/2014 - 12/31/2014	$100,000.00
Dependent B	12345VA001999904	6/1/2014 - 12/31/2014	$300,000.00

Example 3: Addition of Dependent in Middle of the Year



- There are two (2) adjustment periods, one (1) individual and one (1) family.
- Each one (1) must be prorated for duration of enrollment.

Example 3: Addition of Dependent in Middle of the Year

$$\textit{CSR MOOP Adjustment} = (\textit{MOOP}_{\textit{Standard Plan}} - \textit{MOOP}_{\textit{CSR Plan Variant}}) \times \frac{\text{Days in CSR MOOP Adjustment Period}}{365}$$

Enrollee A Enrolled in "04" plan variant 01/01/2014 - 05/31/2014	**Enrollee A** Still enrolled in "04" plan variant 06/01/2014 - 12/31/2014
	Dependent B 06/01/2014 - 12/31/2014

CSR MOOP Adjustment $_{Individual}$

$$= (\$6{,}350 - \$5{,}200) \times \frac{151}{365}$$

$$= \$475.75$$

CSR MOOP Adjustment $_{Family}$

$$= (\$12{,}700 - \$10{,}400) \times \frac{214}{365}$$

$$= \$2{,}300 \times .586$$

$$= \$1{,}348.49$$

Example 3: Addition of Dependent in Middle of the Year

Enrollee A Enrolled in "04" plan variant 01/01/2014 - 05/31/2014	**Enrollee A** Still enrolled in "04" plan variant 06/01/2014 - 12/31/2014
	Dependent B 06/01/2014 - 12/31/2014

$\text{CSR MOOP Adjustment}_{\textit{Enrollee A}}$

= $475.75

$\text{CSR MOOP Adjustment}_{\textit{Family}}$

= $1,348.49 ← distribute to family members by $ amount of claims

$\text{MOOP adj}_A = \$1{,}348.49 \times \frac{\$100{,}000}{\$400{,}000}$

= $337.12

$\text{MOOP adj}_B = \$1{,}348.49 \times \frac{\$300{,}000}{\$400{,}000}$

= $1,011.37

Example 3: Addition of Dependent in Middle of the Year

Enrollee A Enrolled in "04" plan variant 01/01/2014 - 05/31/2014	**Enrollee A** Still enrolled in "04" plan variant 06/01/2014 - 12/31/2014
	Dependent B 06/01/2014 - 12/31/2014
CSR MOOP Adjustment$_{Enrollee\ A}$ = $475.75	CSR MOOP Adjustment$_{Enrollee\ A}$ = $337.12
	CSR MOOP Adjustment$_{Dependent\ B}$ = $1,011.37

CSR MOOP Adjustment $_{Enrollee\ A}$ = 475.75 + 337.12 = **$812.87**

CSR MOOP Adjustment $_{Dependent\ B}$ = **$1,011.37**

Example 3: Addition of Dependent in Middle of the Year

Step 5: Calculate RI Eligible Total Paid Amount Net of CSR MOOP Adjustment for each enrollee.

RI-Eligible Total Paid Amount Net of MOOP Adjustment = Total Paid Amount – CSR MOOP Adjustment

Total Paid Amount Net of $MOOP_{Enrollee\ A}$ = $600,000 – $812.87= **$599,187.13**

Total Paid Amount Net of $MOOP_{Dependent\ B}$ = $300,000 – $1,011.37 = **298,988.63**

Example 3: Addition of dependent in middle of the year

Step 6: Apply national parameters.

- Total Paid Amount net of MOOP for Enrollee A and Enrollee B is > $250,000.
- For enrollees with Total Paid Amount Net of MOOP > $250,000, EDGE will use the same calculation (for 2014), therefore:

Enrollee **A** RI payment estimate = (RI cap – RI attachment point) x .80
= ($250,000 - $45,000) x .80
= $164,000

Dependent **B** RI payment estimate = (RI cap – RI attachment point) x .80
= ($250,000 - $45,000) x .80
= $164,000

Example 3: Addition of Dependent in Middle of the Year

Step 7: Calculate issuer-level RI estimate by summing RI payment estimates for all enrollees.

Enrollee A (subscriber) RI Payment Estimate:	$164,000
Enrollee B (dependent) RI Payment Estimate:	+ $164,000
Issuer's Total RI Payment Estimate:	**$328,000**

Conclusion

- Calculation of reinsurance payments on the EDGE server can be broadly categorized into seven (7) steps, as outlined in this presentation.
- The EDGE server outbound reports calculate payment estimates ***assuming*** an 80% coinsurance rate; however, the coinsurance rate is dependent on the total funds CMS collects in reinsurance contributions and total RI-eligible payments.
- A detailed job aid with additional examples of the reinsurance calculations (EDGE Server: Reinsurance (RI) Quick Reference Guide) is located in the REGTAP Library.

Next Steps

HTTPS://WWW.REGTAP.INFO/

CMS Next Steps

- CMS will continue to support Stakeholders through the Reinsurance payment calculation estimate process by hosting webinars and Q&A sessions.

Webinar Topic	Scheduled Event Date
TBD	Thursday, May 14, 2015 – 3:30 p.m. – 5:00 p.m. ET

HTTPS://WWW.REGTAP.INFO/

Questions?

To submit questions by phone:

- ❑ Dial ‘14’ on your phone’s keypad
- ❑ Dial ‘13’ to exit the phone queue

Resources

HTTPS://WWW.REGTAP.INFO/

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/cciio
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

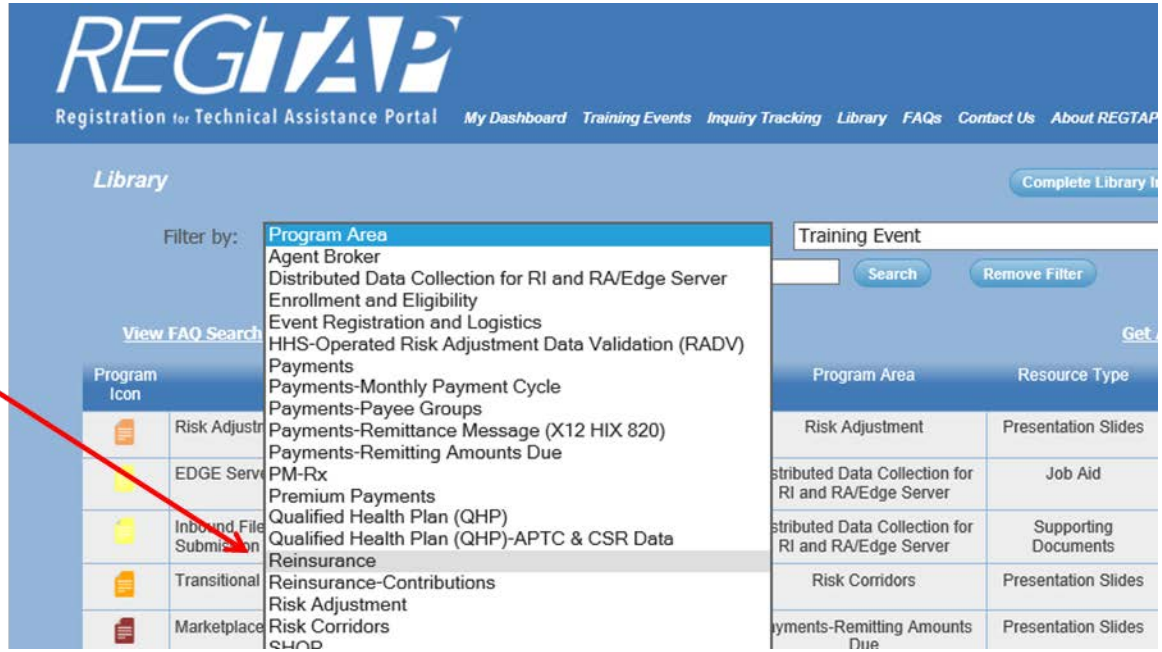
CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

HTTPS://WWW.REGTAP.INFO/

Locating Documents in REGTAP

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

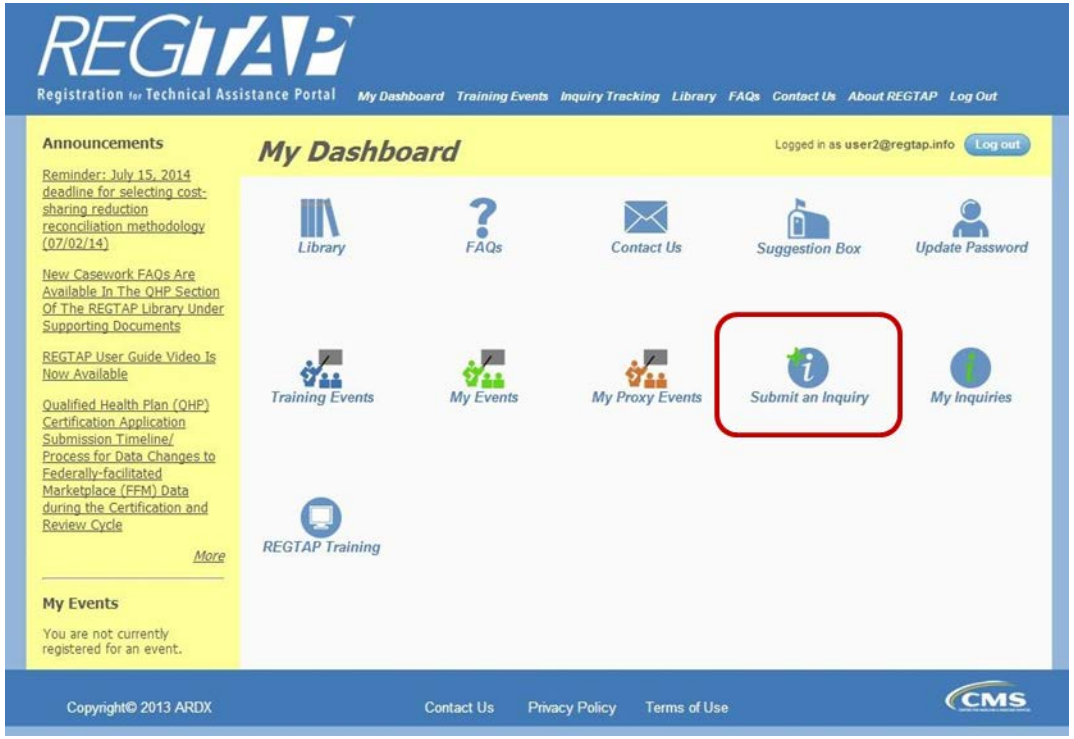
Under Program Area, select 'Reinsurance'



Inquiry Tracking and Management System (ITMS)

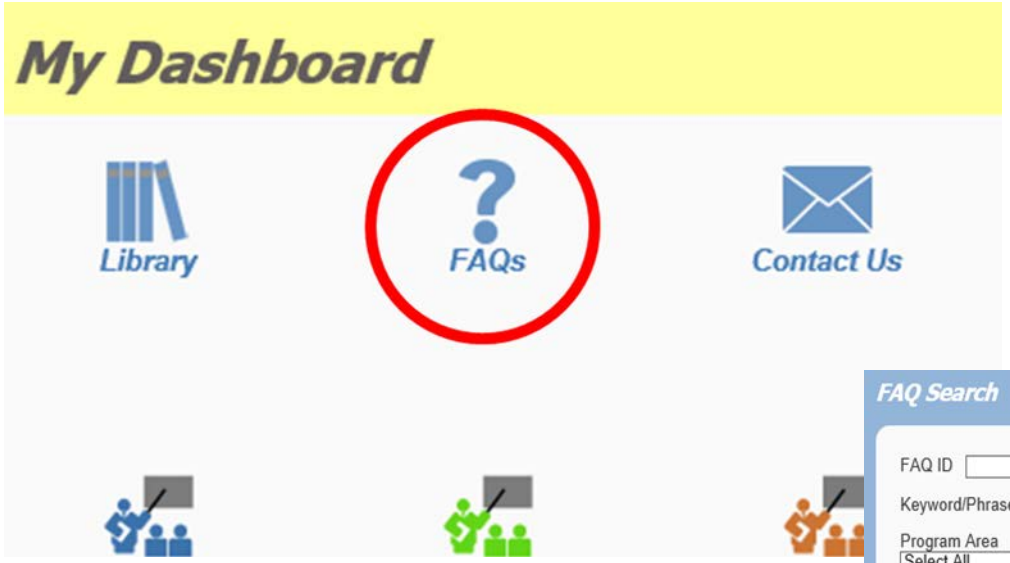
ITMS is available at https://www.REGTAP.info/

Users can submit questions after training sessions by selecting “Submit an Inquiry” from My Dashboard.



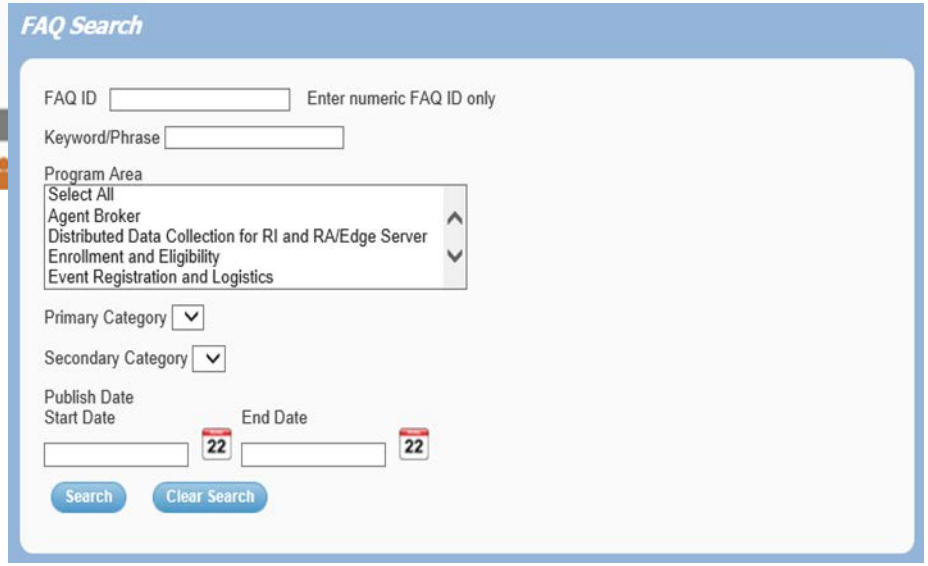
Note: Enter only one (1) question per submission.

FAQ Database on REGTAP



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/



Closing Remarks

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