Cost-Sharing Reductions (CSRs): Advance Payments for 2015

April 16, 2014

Payment Policy and Financial Management Group

WWW.REGTAP.INFO

Agenda

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Guidelines

- This is a 60-minute webinar session
- Documented Q&As will be posted in the coming weeks
- For questions regarding content, submit inquiries to the CMS CSR mailbox at: CSRreview@cms.hhs.gov
- For questions regarding logistics and registration, contact the Registrar at: (800) 257-9520

Purpose

This Marketplace Cost-sharing Reduction Advance Payment Calculation Session will explain:

- The new methodology for determining CSR advance payments in 2015, which was finalized in the 2015 HHS Notice of Benefit and Payment Parameters final rule (2015 Final Payment Notice)
- The role of the Marketplace and CMS in calculating CSR advance payments
- The effects of this new methodology on CSR advance payment amounts

Intended Audience

- State-based Marketplace (SBM) Issuers
- Federally-facilitated Marketplace (FFM) Issuers

Overview

New CSR Advance Payment Formula

- The 2015 Final Payment Notice describes a new method to calculate CSR advance payments starting in 2015
- Under this new formula:
  - CMS will not calculate the advance per member per month amount specific to QHP ID
  - SBMs and issuers will no longer be responsible for reviewing and validating the advance CSR amount
  - Instead, upon receiving an enrollment in a certified QHP, the Marketplace should calculate CSR advance payment amount using a formula containing a CSR plan variation multiplier and the total premium amount of the enrollment group

Marketplace Role

- Marketplace calculates the CSR advance payment amounts based on the new CSR advance payment calculation formula
- Marketplace transmits the calculated advance CSR payment amounts to the QHP issuer and to CMS via the 834 enrollment transaction

CMS Role

- CMS remits monthly payments to issuers using the calculated amounts contained on the 834 enrollment transaction submitted by the Marketplace.

The New CSR Advance Payment Formula

Overview of the Formula

Total Monthly Premium	x	CSR Plan Variation Multiplier	=	Advance CSR Payment for the Specific Policy

- **The Total Monthly Premium** for each subscriber (enrollment group) is found on the 834 enrollment transaction as “PRE AMT TOT”
- **The CSR Plan Variation Multiplier** for each cost-sharing reduction variation is found on REGTAP. This multiplier is not QHP ID specific, but rather applies to all HIOS/QHP IDs in that CSR category

Total Monthly Premium

As discussed in the CMS 834 Companion Guide, the total monthly premium amount for the enrollment group at the subscriber level is listed as the REF02 value for “PRE AMT TOT” contained in the 2750 loop of the 834 transaction.

Plan Variation Multiplier

Cost-Sharing Reduction Plan Variation	Plan Variation Multiplier
73 percent AV silver plan variation	0.03
87 percent AV silver plan variation	0.22
94 percent AV silver plan variation	0.31
Limited cost sharing plan variation of bronze QHP	0.41
Limited cost sharing plan variation of silver QHP	0.22
Limited cost sharing plan variation of gold QHP	0.15
Limited cost sharing plan variation of platinum QHP	0.04
Zero cost sharing plan variation of bronze QHP	0.61
Zero cost sharing plan variation of silver QHP	0.38
Zero cost sharing plan variation of gold QHP	0.21
Zero cost sharing plan variation of platinum QHP	0.09

Populating the CSR Amount

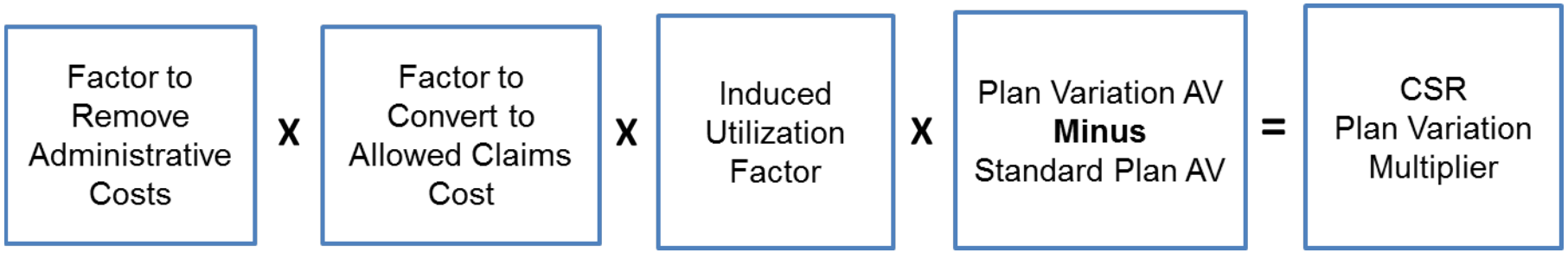
- The CSR Plan Variation Multiplier can be a look-up reference table based on the last two digits of the QHP ID.
- The resulting product of “PRE AMT TOT” and applicable CSR Plan Variation Multiplier can then be used to populate the “CSR AMT” on the 834 transaction form.

Understanding the CSR Plan Variation Multiplier

The CSR Multiplier

The CSR Plan Variation Multiplier is the product of:

- The difference between the actuarial value of the CSR plan variation and actuarial value of the standard plan and
- Three (3) factors that account for administrative costs, utilization, and claims costs.



Factors in the CSR Multiplier

- **Factor to Remove Administrative Costs**
  - 0.8 for all CSR plan variations
  - Based on the individual market medical loss ratio requirement of 80% under the Affordable Care Act
- **Factor to Convert to Allowed Claims Costs**
  - The quotient of 1 and the AV for the standard plan
  - Does not account for any *de minimis* variation
- **Induced Utilization Factor**
  - Specific to the plan variation
  - Consistent with the factors in the 2014 Payment Notice
  - HHS derived a factor for the limited CSR plan variation

Induced Utilization Factors

CSR Plan Variation	Induced Utilization Factor
73 percent AV silver plan variation	1.00
87 percent AV silver plan variation	1.12
94 percent AV silver plan variation	1.12
Limited cost sharing plan variation of bronze QHP	1.15
Limited cost sharing plan variation of silver QHP	1.12
Limited cost sharing plan variation of gold QHP	1.07
Limited cost sharing plan variation of platinum QHP	1.00
Zero cost sharing plan variation of bronze QHP	1.15
Zero cost sharing plan variation of silver QHP	1.12
Zero cost sharing plan variation of gold QHP	1.07
Zero cost sharing plan variation of platinum QHP	1.00

Actuarial Value Differential

Plan Variation AV – Standard Plan AV

- Plan Variation AV
  - 94, 87, or 73 percent for respective silver plan variation
  - 100 percent for the zero cost sharing plan variation
  - HHS estimated actuarial values for limited cost sharing plans
- Standard Plan AV
  - Uses the corresponding metal level of coverage
  - 60, 70, 80, or 90 percent for a bronze, silver, gold, or platinum QHP respectively
- Neither AV accounts for *de minimis* variation

Actuarial Values for Plan Variations

Cost-Sharing Reduction Plan Variation	Plan Variation AV
73 percent AV silver plan variation	73 percent
87 percent AV silver plan variation	87 percent
94 percent AV silver plan variation	94 percent
Limited cost sharing plan variation of bronze QHP	87 percent
Limited cost sharing plan variation of silver QHP	87 percent
Limited cost sharing plan variation of gold QHP	94 percent
Limited cost sharing plan variation of platinum QHP	94 percent
Zero cost sharing plan variation of bronze QHP	100 percent
Zero cost sharing plan variation of silver QHP	100 percent
Zero cost sharing plan variation of gold QHP	100 percent
Zero cost sharing plan variation of platinum QHP	100 percent

Impact on Advance CSR Payment Amounts

Changes

- The formula is based on premium and reflects expected allowed claims costs, adjusted for the plan design and provider network, the number of individuals covered by the policy, rating area, age, and tobacco use
- The new multiplier does not make a plan-specific adjustment for the cost of non-EHB, or account precisely for costs for large families with children not accounted for in the premium

Payment Adjustments

- Advance CSR payments will be validated as part of the CSR reconciliation process
- Under federal regulations, HHS may adjust the advance payment amount for a particular QHP during the benefit year if the QHP issuer provides evidence that the advance payments are likely to be substantially different than the CSR amounts that the QHP provides

Questions?

To submit questions by phone:

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

To submit questions by webinar:

- *type your question in the text box under the 'Q&A' tab*

Resource List

- CMS email for submissions and questions: CSRreview@cms.hhs.gov

Technical Support

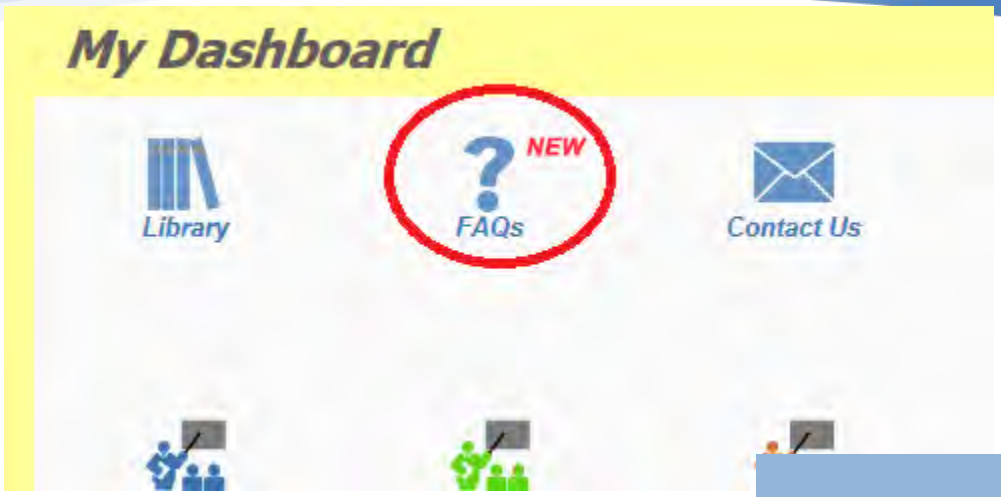
CMS is committed to providing SBMs technical support throughout this process including:

- FAQs to address technical questions
- CSR Review email box: CSRreview@cms.hhs.gov
- All materials are posted to https://www.REGTAP.info in the REGTAP Library under “Qualified Health Plan (QHP) – APTC & CSR Data”

Resources

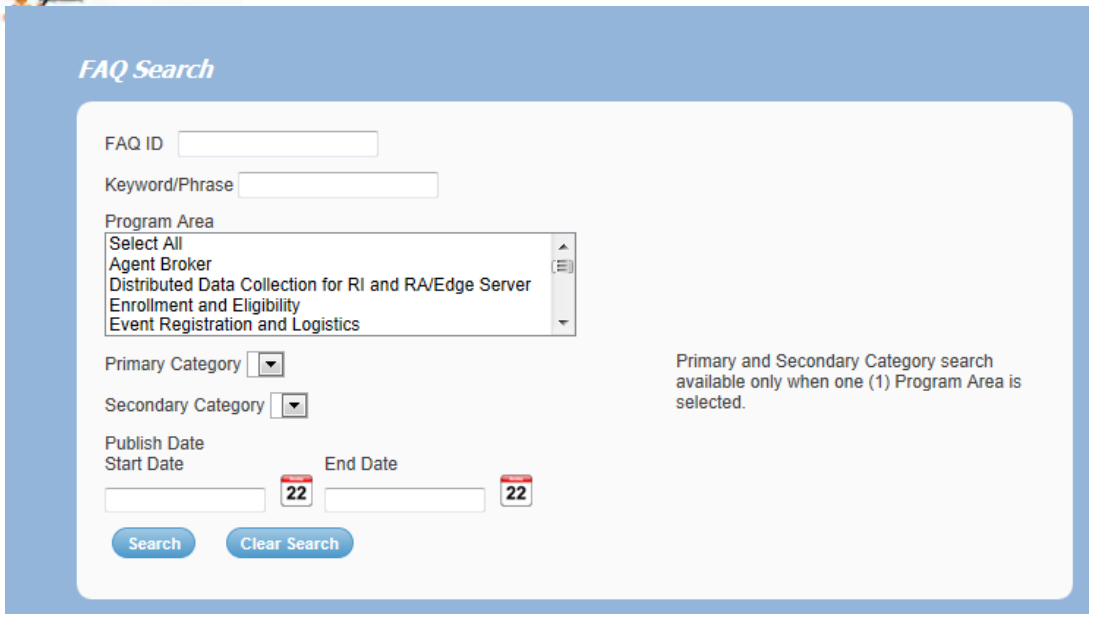
Resource	Resource Link
U.S. Department of Health & Human Services	http://www.hhs.gov/
Centers for Medicare & Medicaid Services (CMS)	http://www.cms.gov/
The Center for Consumer Information & Insurance Oversight (CCIIO) web page	http://www.cms.gov/cciio
Consumer website on Health Reform	http://www.healthcare.gov/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

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