

DISTRIBUTED DATA COLLECTION (DDC) FOR REINSURANCE (RI) AND RISK ADJUSTMENT (RA): Understanding How CMS Calculates Reinsurance Payments and Reports

August 22, 2017



**Health Insurance Marketplace Program
Training Series**

Agenda

- [Session Guidelines](#)
- [Intended Audience](#)
- [Purpose](#)
- [August RI Payment Calculation Overview](#)
- [Calculating Actual RI Payments](#)
 - [1. Input Funds and Reinsurance Summary Report \(RISR\) Values](#)
 - [2. Reinsurance Proration](#)
 - [3. Reinsurance Payment Reports](#)
- [Adjusted RI Payment Report](#)
- [Open Question and Answer \(Q&A\)](#)
- [Resources](#)
- [Closing Remarks](#)

Session Guidelines

- This is a 90-minute webinar session.
- For questions regarding content, please submit inquiries to RARIPaymentOperations@cms.hhs.gov
- 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 the Department of Health and Human Services (HHS) operates the Transitional Reinsurance (RI) Program
- Third Party Administrators (TPAs) and Support Vendors
- Amazon and On-Premise EDGE server issuers (Exchange and Non-Exchange)

Purpose

This training will:

- Explain how the Centers for Medicare & Medicaid Services (CMS) determines the *actual* RI payment for each issuer, based on the *estimated* RI payment, as calculated on the EDGE server and provided in the Reinsurance Summary Report (RISR).
- Explain reports generated by CMS and published on issuers' EDGE Management Consoles.
- Explain how RI payment adjustments are made and reported.

August RI Payment Calculation Overview

Benefit Year (BY) 2016 Results

- 53.0% is the projected national coinsurance rate for BY2016 (based on actual/projected collections and discrepancies/appeals).
- CMS will make BY2016 issuer payments in an **estimated** four (4) payment cycles between Calendar Years 2017 and 2018.
 - The sum of each RI payment cycle amount will equal the actual total BY2016 RI payment amount.
 - For each payment cycle, the RI payment is a prorated amount, using the currently available funds at the time.
 - RI-eligible issuers will receive their first BY2016 payment in the August 2017 payment cycle.
- CMS will send an Adjusted RI Payment Report (ARIPR), reflecting the August 2017 payment, via email to Chief Executive Officer (CEO) Designates and Alternates on August 15, 2017.

BY2016 RI Payments Estimated Schedule

Estimated Payment Cycle	Payment	Notes
August 2017	1	Funds for this payment do not include the November 2017 RI contributions yet. Only a portion is subject to the Fiscal Year (FY) 2017 sequestration rate of 6.8%.
January 2018	2	Funds for this payment include the November 2017 contributions collection. These funds are subject to the FY2018 sequestration rate of 6.6%.
TBD 2018	3	Funds sequestered from the first cycle are eligible for release. Funds used for this payment cycle include BY2016 late contribution collections and appeals holdback.
Fall 2018	4	FY2018 sequestered funds.

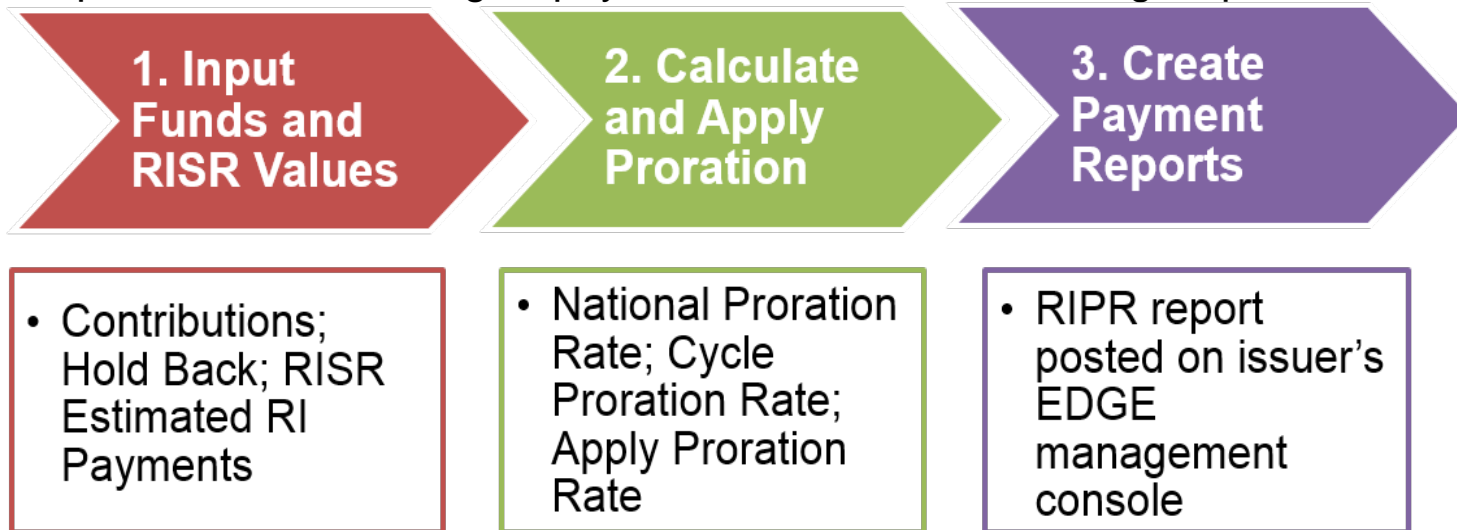
August 2017 Payment Amounts

- **The August RI payment amounts** are calculated outside the issuer's EDGE server in the CMS EDGE Calculation Module (ECM).
- Each issuer's estimated RI payment (at 100% coinsurance) from their final RISR is prorated by RI contributions received.
 - RISR provides both enrollee and associated claims eligible for the RI payments and the estimated RI payment amount after applying the RI payment parameters for the applicable benefit year.
 - The RISR has an estimated 50% coinsurance rate, but this does not reflect the actual pro-rated amount.

Calculating Actual RI Payments

August 2017 RI Payment Calculations

- The process of calculating RI payments involves the following steps:



- The following inputs produce the National and cycle proration rates and payment amounts:
 - RI Contribution Collections, comprising actual funds collected and carryover from previous benefit year *when applicable*, and projected funds for the entire benefit year
 - Estimated RI payments as reported in issuers' final RISRs
 - Holdback amounts for sequestration and appeals as applicable

Step 1: Input Funds & RISR Values

1. Input Funds and RISR Values

- Contributions; Hold Back; RISR Estimated RI Payments

- Two (2) types of contributions:
 - Total expected
 - Current available
- Two (2) types of holdback:
 - Appeals
 - Sequestration
- Of the RI calculation inputs, only estimated RI payment from the RISR appears in payment reports.

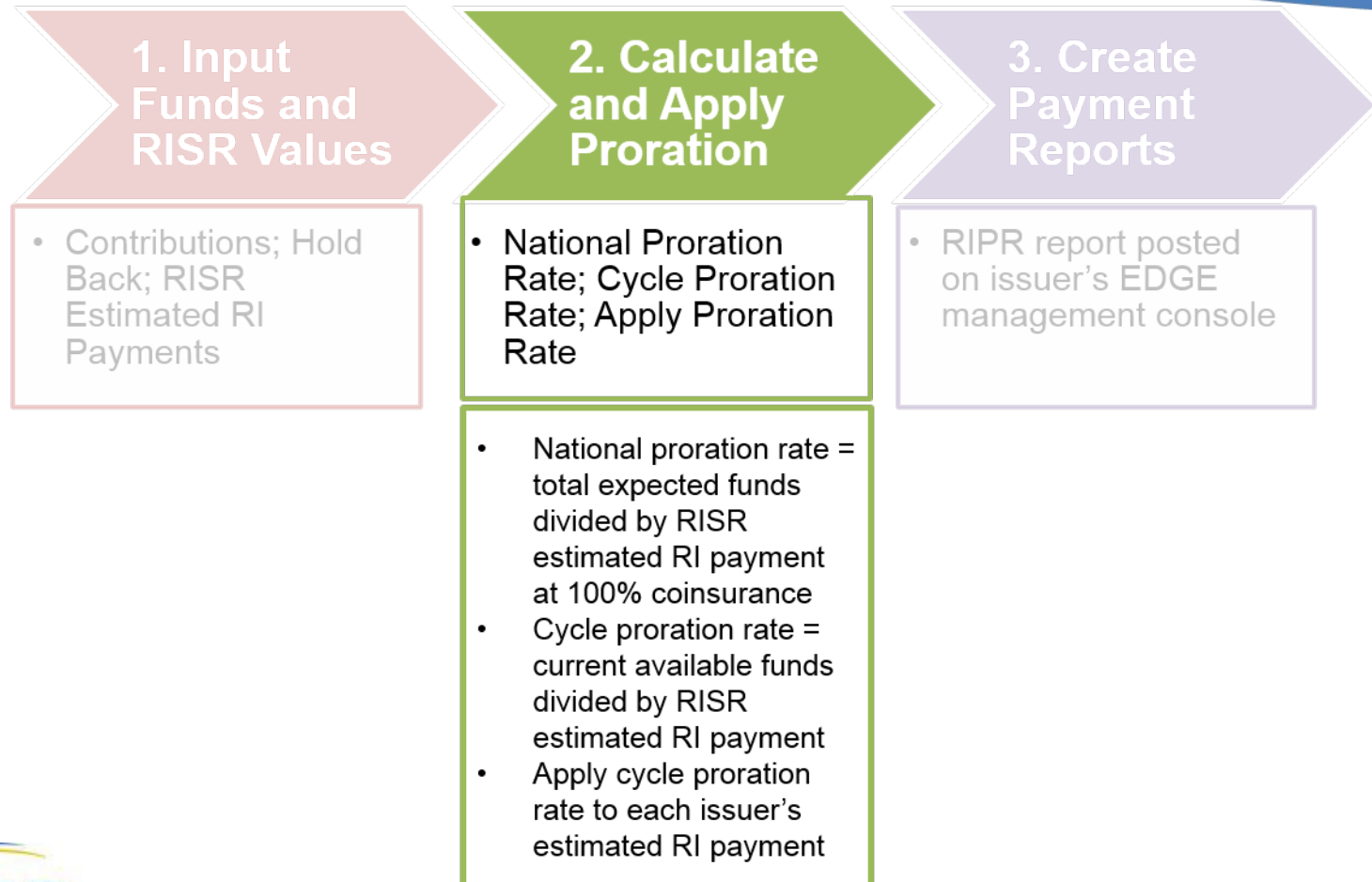
2. Calculate and Apply Proration

- National Proration Rate; Cycle Proration Rate; Apply Proration Rate

3. Create Payment Reports

- RIPR report posted on issuer's EDGE management console

Step 2: Proration



2. RI Proration Based on *Expected* Contributions

Once all inputs are completed, the proration calculation is run and produces a projected **national** proration rate.

Reinsurance Proration - National Calculation Example		
A	Total expected funds	\$3,000,000
B	Total funds available for cycle 1	\$1,910,000
C	Estimated RI payment (RISR), all issuers	\$10,000,000
D	National Coinsurance Rate (A divided by C)	30.0%

2. RI Proration Based on *Current* Contributions

CMS calculates a **cycle** proration based on currently available funds.

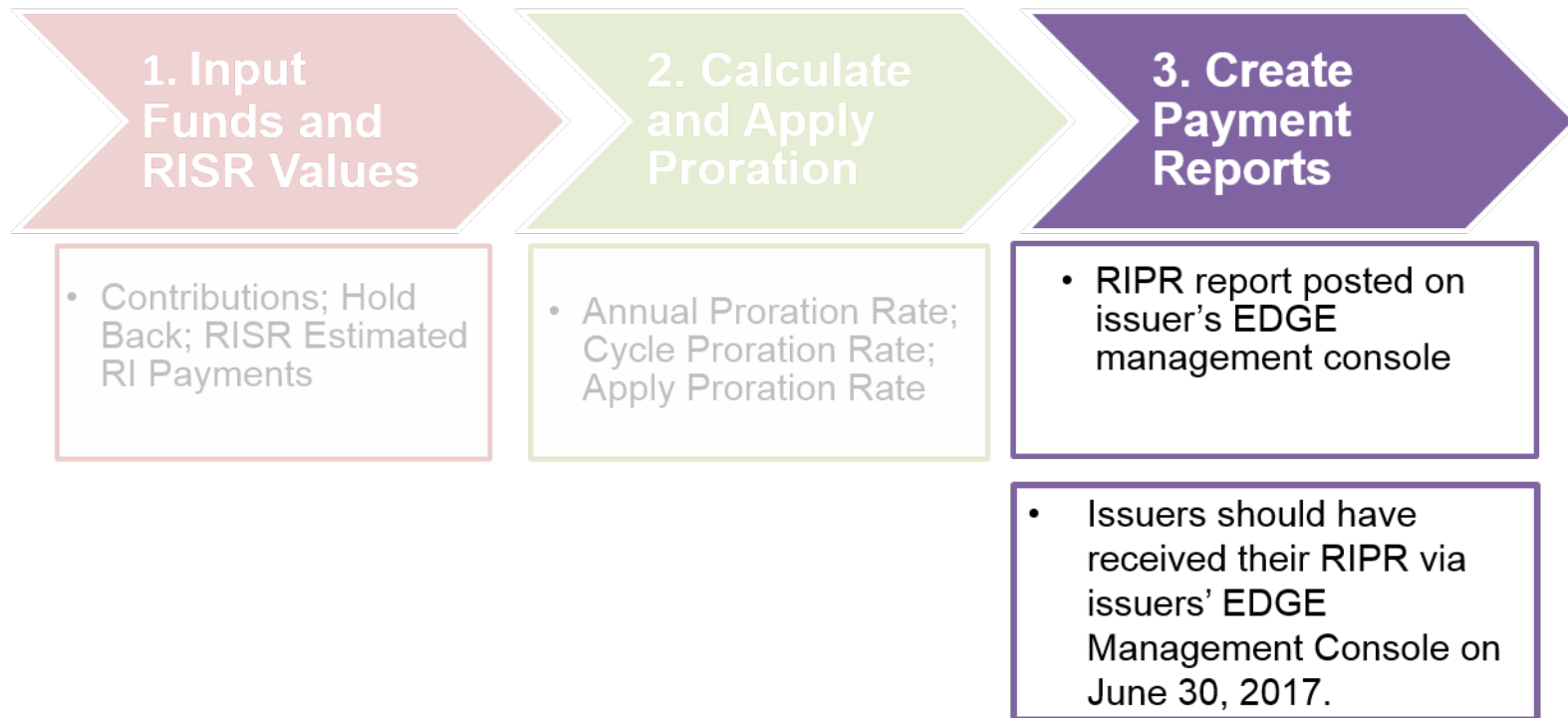
Reinsurance Proration - National Calculation Example		
A	Total expected funds	\$3,000,000
B	Total funds available for cycle 1	\$1,910,000
C	Estimated RI payment (RISR), all issuers	\$10,000,000
D	National coinsurance rate (A divided by C)	30.0%
E	Cycle 1 Proration Factor (B divided by C)	19.1%

2. Apply RI Proration

CMS applies the projected **national** and **cycle** proration rates to each issuer's <estimatedRIpayment> to determine the actual RI payment the issuer will receive for the entire 2016 Benefit Year, as well as the cycle amount.

Reinsurance proration - National calculation example		
A	Total expected funds	\$3,000,000
B	Total funds available for cycle 1	\$1,910,000
C	Estimated RI payment (RISR), all issuers	\$10,000,000
D	National coinsurance rate (A divided by C)	30.0%
E	Cycle 1 proration factor (B divided by C)	19.1%
Reinsurance Proration for Example Issuer 12345		
F	Estimated RI payment (RISR), HIOS 12345	\$1,000,000
G	Total BY15 RI payment, HIOS 12345 (F * D)	\$300,000
H	RI payment for cycle 1 , HIOS 12345 (F * E)	\$191,000

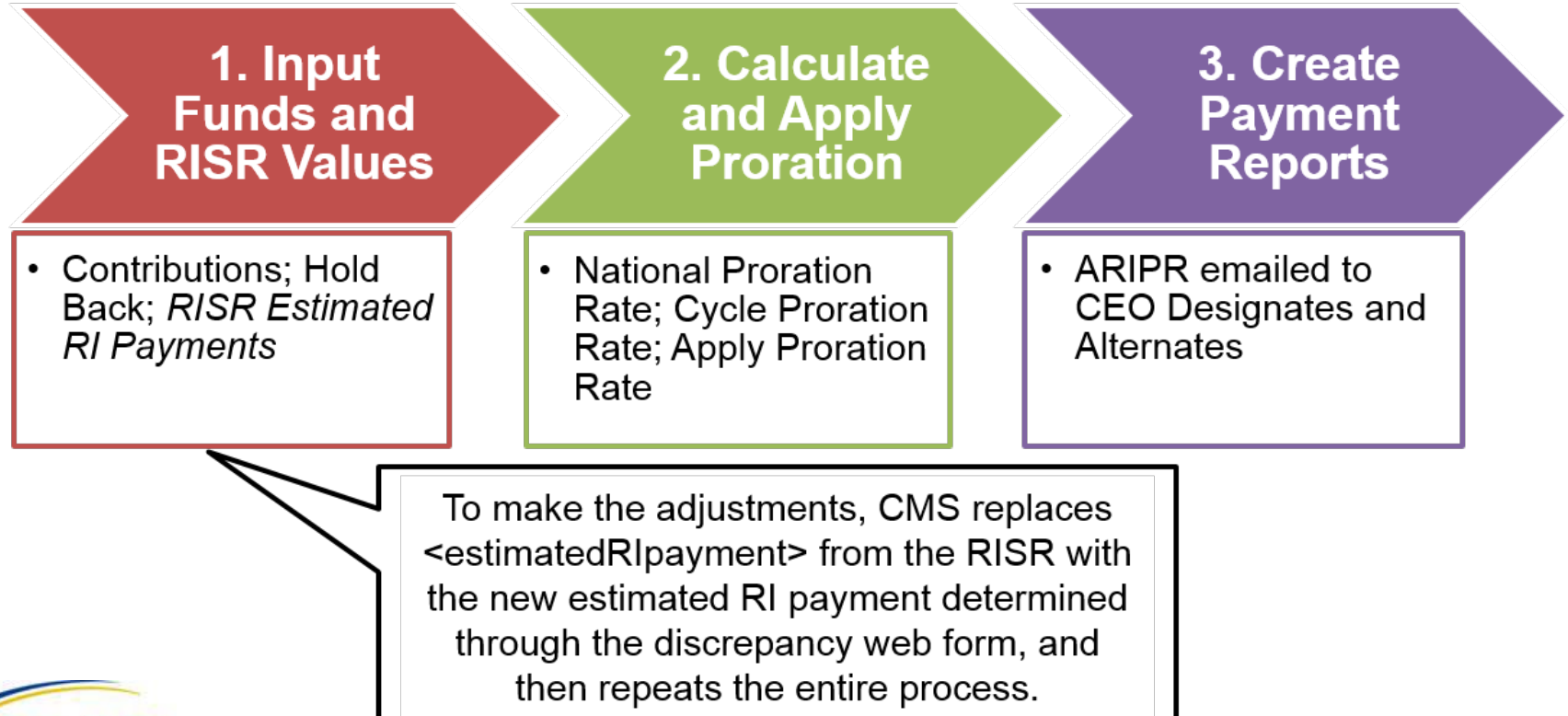
Step 3: Create RI Payment Reports



Adjusted RI Payment Report (ARIPR)

RI Payment Adjustments

For the August RI Payments Report, CMS also adjusted <estimatedRIpayment> for issuers that had reported overpayments through the discrepancy process.



Adjusted RI Payment Report (continued)

- The Adjusted RI Payment Report provides issuers with more detailed information to better understand their payment.
- There are two (2) main differences between the Adjusted RI Payment Report and the EDGE Management Console payment reports:
 - Unlike the EDGE Management Console payment reports, which provides one (1) report per issuer, adjusted reports will be at the company-level.
 - Previous and new remaining balances, as well as cycle proration rate and prorated payment amount are based on the projected (actual) RI payment amount, which has payment adjustments.
- CMS will email CEO Designates and Alternates the “**Adjusted RI Payment Report.**”

Adjusted RI Payment Report (continued)

- Adjusted payments are still subject to the sequestration and appeals holdback as described previously.
- Issuers may compare the Unadjusted RI Payment Report to the adjusted report to review how overlapping claims and other adjustments affected their RI payment, as applicable.

File ID	POC999_2016_RIPAY_20170818_120000.txt						
File run date	18-Aug-17						
Program Year	2016						
Payment Cycle	1						
Batch ID	158456-1						
Current Cycle Proration Parameter	0.890513491						
ISSUER ID	ISSUER LEGAL NAME	EDGE RI PAYMENT CALCULATION	PROJECTED PRORATION FACTOR	PROJECTED RI PAYMENT AMOUNT	PREVIOUS RI REMAINING BALANCE	PRORATED PAYMENT AMOUNT	NEW RI REMAINING BALANCE
12345	Blah Blah Blah	3000000	0.55169457	1655083.71	1655083.71	1473874.372	181209.34
67890	Bigly Health	2500000	0.55169457	1379236.43	1379236.43	1228228.644	151007.78

Adjusted RI Payment Report (continued)

- Key differences between adjusted and unadjusted payment reports:

File ID	POC999_2016_RIP	<div> <div>Total Funds Available for Payout this cycle (not shown) divided by Total Expected Funds (NOT by total EDGE estimated RI payment as in the unadjusted issuer reports).</div> <div> <div>Previous RI Remaining Balance minus Prorated Payment Amount.</div> <div>Projected RI Payment Amount (instead of EDGE RI payment calculation) multiplied by Current Cycle Proration Parameter.</div> </div> </div>					
File run date	18-Aug-17						
Program Year	2016						
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Current Cycle Proration Parameter	0.890513491						
ISSUER ID	ISSUER LEGAL NAME	EDGE RI PAYMENT CALCULATION	PROJECTED PRORATION FACTOR	PROJECTED RI PAYMENT AMOUNT	PREVIOUS RI REMAINING BALANCE	PRORATED PAYMENT AMOUNT	NEW RI REMAINING BALANCE
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67890	Bigly Health	2500000	0.55169457	1379236.43	1379236.43	1228228.644	151007.78

Conclusion

- Similar to last year, because contributions are more than payments estimated at 50% coinsurance, the national proration factor is increased to 53.0%.
- The actual total RI payment amount issuers will receive for BY2016 is calculated by multiplying <estimatedRIpayment> from the RISR or <estimatedRIpayment> from the ARIPR (adjusted for discrepancies, if applicable) by the projected proration factor, also called the national coinsurance rate.

Conclusion (continued)

- For each payment cycle, the RI payment is a prorated amount, using the funds currently available.
 - The amount of holdback cannot be calculated directly using only the percentage, due to rules governing how this amount is calculated.
- An Adjusted RI Payment Report reflecting the August 2017 payment will be sent to issuers via email to CEO Designates and Alternates by August 18, 2017.

Mailbox Communication

Topic	Resource
Technical assistance for EDGE server data submission/processing, EDGE reports, EDGE calculations	EDGE_server_data@cms.hhs.gov
CEO Designation updates	https://acapaymentoperations.secure.force.com/EdgeContactDatabase
Policy, baseline, exempt filing, payments/charges, general information	RARIPaymentOperations@cms.hhs.gov

Questions?

To submit or withdraw questions by phone:

- *Dial “**star(*)**, **pound (#)**” on your phone’s keypad to ask a question.*
 - *Dial “**star(*)**, **pound (#)**” on your phone’s keypad to withdraw your question.*

Upcoming Webinar

Webinar	Scheduled Event Date
Question and Answer (Q&A)	August 29, 2017

Resources

Resources

Resource	Link/Contact Information
Center for Consumer Information and Insurance Oversight (CCIIO)	http://cms.gov/ccio/
Registration for Technical Assistance Portal (REGTAP) <ul style="list-style-type: none">• Registration• Resource Library• Frequently Asked Questions (FAQs)	https://www.REGTAP.info/

FAQ Database on REGTAP

My Dashboard



The FAQ Database allows users to search FAQs by FAQ ID, Keyword/Phrase, Program Area, Primary and Secondary categories, Benefit Year and Publish Date.

FAQ Database is available at
<https://www.regtap.info/>.

FAQ Search

FAQ ID Enter single FAQ ID or multiple IDs (1-10 or 15,18,87)

Keyword/Phrase

Program Area

Select All
ACA Financial Appeals
Agent Broker
Distributed Data Collection for RI and RA/Edge Server
Enrollment and Eligibility

Primary Category

Secondary Category

Benefit Year ?

Publish Date

Start Date

22

End Date

22

FAQs to Display: ?

- ☒ Current FAQs Only
☐ Retired FAQs Only
☐ All FAQs (Current and Retired)

Search

Clear Search

DDC/EDGE Server Resource Page


The DDC/EDGE Server Resource Page provides central access to job aids, announcements, documentation, FAQs, deadlines and other resources.

To access the DDC/EDGE Server Resource Page, click on the Program Area Pages icon on 'My Dashboard' or access the page at <https://www.REGTAP.info/ddc.php>.



Distributed Data Collection for RI and RA/Edge Server

[Get Adobe Reader](#)



Welcome to the Distributed Data Collection for RI and RA/Edge Server page designed to assist you with locating accurate and valuable information regarding External Data Gathering Environment (EDGE) server data submission.

CMS conducts the EDGE Server Webinar Series training sessions with the purpose of providing issuers with additional information related to data submission, testing, timelines, submission scenarios, and any additional guidance related to the data submission or blackout periods.





! IMPORTANT ANNOUNCEMENTS:

On June 10, 2016, there will be an EDGE server maintenance release which will update HHS-RADV sampling functionality. CMS will also release remote commands for preliminary HHS-RADV sampling reports. The reports will only be available to CMS.

TOPICS OF INTEREST

DATA SUBMISSION	ENROLLMENT SUBMISSION
MEDICAL SUBMISSION	PHARMACY SUBMISSION
REGISTRATION & PROVISIONING	SUPPLEMENTAL SUBMISSION

EDGE Core Resources

ICD Addendum  CMS-EDGE Server / CMS-ES Interface Control Document - Risk Adjustment and Reinsurance Addendum Version: 00.00.01 Aug 2016	Interface Control Document (ICD)  CMS-EDGE Server / CMS-ES Interface Control Document Version: 00.01.01 August 2016 <small>Document Release: 11/16/2016 12:47:00</small>	Business Rules  CMS-EDGE Server / CMS-ES EDGE Server Business Rules Version: 0.0.1 Last Modified: February 2016	XML/XSD Outbound Files  XML/XSD Outbound Files
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EDGE Plan Data Templates Due 9/23/16

Days Left

6

Edge Server – Baseline Submission for 1st and 2nd Quarter 2016

NOVEMBER

2

Edge Server – Data Submission 90% of Enrollment Records / 25% of Medical & Pharmacy Claims for 1st and 2nd Quarter 2016

NOVEMBER

9

Edge Server Commands Deployed – ECS and Frequency Distribution Reports

NOVEMBER

10

DDC/EDGE Server Resource Page

(continued)

TOPICS OF INTEREST

[DATA SUBMISSION](#)

[ENROLLMENT SUBMISSION](#)

[MEDICAL SUBMISSION](#)

[PHARMACY SUBMISSION](#)

[REGISTRATION & PROVISIONING](#)

[SUPPLEMENTAL SUBMISSION](#)

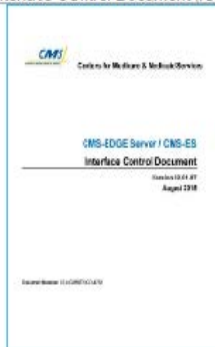
For quick access to related documentation, users can find resources organized by Topics of Interest, such as 'Medical Submission' or 'Registration'.

EDGE Core Resources

ICD Addendum



Interface Control Document (ICD)



Business Rules



XML/XSD Outbound Files



Users can also register for active EDGE Server training series, contact CMS, provide feedback and more.

NEW TO REGISTRATION?
click the button below

REGISTER
for next event session



DO YOU HAVE FEEDBACK?
click the button below

PROVIDE FEEDBACK
to DDC



Closing Remarks