Financial Management Series III: Policy-based Payments Bulletin

December 7, 2015

Financial Management Series III

Agenda

- Session Guidelines
- New Transition Guidance
- PBP-readiness for 2015 Issuers
- Temporary Adjustments
- PBP-readiness for 2016 Issuers
- Program Integrity Withholding
  - Next Steps
- Program Integrity Withholding
  - Next Steps
- Knowledge Check
- Question & Answer
- Closing
  - Resources
  - Closing Remarks

Session Guidelines

- This is a 90-minute webinar session.
- Documented Q&As will be posted in the coming weeks.
- For questions regarding logistics and registration, contact the Registrar at: (800) 257-9520

FM Series III Continuation

- CMS will continue to roll out trainings throughout 2015 and 2016.
- Series III provides additional information related to testing, timelines, HIX 820 scenarios, and any additional guidance related to the 2016 transition.
- As part of this series, Monday content webinars and Friday question and answer sessions will be held weekly through the end of 2015.

FM Series III Dates: December 2015

Date of Session	Time	Target Audience	Session Title
December 7, 2015	2:00 – 3:30 p.m. ET	FFM and SBM Issuers	Webinar
December 11, 2015	12:00 – 1:00 p.m. ET	FFM and SBM Issuers	Webinar
December 14, 2015	2:00 – 3:30 p.m. ET	FFM and SBM Issuers	Webinar
December 18, 2015	12:00 – 1:00 p.m. ET	FFM and SBM Issuers	Q&A
December 21, 2015	2:00 – 3:30 p.m. ET	FFM and SBM Issuers	Webinar
December 25, 2015	N/A	N/A	**HOLIDAY**
December 28, 2015	2:00 – 3:30 p.m. ET	FFM and SBM Issuers	Webinar

New CMS Policy-based Payments Transition Guidance

New CMS Policy-based Payments Transition Guidance

- On December 4th CMS released a bulletin titled "Policy-based Payments Guidance: Approach to 2016 Marketplace Payment Program Integrity" which can be found in the REGTAP Library.
- This bulletin can also be accessed on the CMS Website at https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Policy-based-Payment-Guidance.pdf.

Policy-based Payments Background

- Since January 2014, CMS has been using the Manual Payments Process to issue Marketplace-related payments and charges.
- In this process, Issuers email CMS their Enrollment and Payment MS Excel Workbooks each month, which are based on their enrollment records.
- Beginning in January 2016, most FFM Issuers will be transitioning to the Policy-based Payment (PBP) Process in which CMS calculates payment amounts and enrollment numbers based on Issuer-effectuated enrollment information found in CMS' enrollment system.

PBP Transition Guidance Bulletin

In this Bulletin, CMS outlines:

- The criteria used to assess 2015 and new 2016 FFM Issuer readiness to transition to PBP, which will begin with the January 2016 payment cycle.
- A temporary 3-Month Adjustment Payment Period from January to March to assist ALL FFM Issuers who are considered to be ready to move to PBP.
- A Partial Payment Withholding Process and rules following the temporary transition period ending in March.

Criteria for PBP Readiness for 2015 Issuers

Criteria for PBP Readiness for Existing 2015 Issuers

- CMS has been evaluating Issuers' PBP readiness over the last several months. As part of this evaluation, Issuers must meet the following criteria in order to transition to PBP for the January payment cycle:
    1. Successful submission of inbound 834s
    2. Successful submission of enrollment reconciliation files
    3. Manual Payment Process versus Policy-based Payment Comparison

Criteria Detail (1/2)

- **Inbound 834s: Issuers must meet criteria for activation by December 1, 2015.** The 834 transaction is used by CMS and Issuers to communicate new enrollments, changes in enrollment and reinstatements.
- **Enrollment Reconciliation**: In order to be considered ready for Policy-based Payments, an Issuer must have **successfully submitted reconciliation files that passed basic validation checks for effectuations and cancellations in the most recent month, or if the most recent month did not pass these checks, the two (2) months prior to the most recent month.**

Criteria Detail (2/2)

- Manual Payment Process versus Policy-based Payment Comparison: **Issuers with more than a 10% variation between payments calculated using the manual payment process and calculated using Policy-based Payments will not be considered ready for Policy-based Payment transitions.**
- This comparison will be based on:
  - All advance payments for Issuers of medical plans and dual Issuers.
  - User Fees for Issuers offering only dental plans.
  - The full-year 2015 payment amounts in the Issuer's December payment submission, submitted in November, compared with the calculated policy-based payments data in the FFM at that time for the same time period.

Temporary Adjustments to Payments for PBP Issuers

Temporary Adjustments to Payments for PBP Issuers

- Issuers deemed ready for PBP will receive their Preliminary Payment Reports (PPRs) and 820s with policy-level details.
- To allow for a smooth transition to Policy-based Payments, CMS has created a temporary payment adjustment process to be applied for January, February and March payments.
- This adjustment will be in the amount of the difference between an Issuer's Manual Payment Process and Policy-based Payment calculated amounts.
- CMS will add program-level manual adjustments to the Issuers' PPR and HIX 820 to make the payment amount match what the Issuer submitted in the Manual Payment (1A) process.
- The manual payment adjustment may increase or decrease the Policy-based Payment calculated payment for that month.
- For the April payment, CMS will adjust that month's policy-based calculated payment to account for the manual payment adjustments applied for January 2016 through March 2016 payments.

Temporary Adjustments to Payments for PBP Issuers Example

Scenario #	Issuer ID	PBP APTC Amount	Manual Process APTC Amount	PBP CSR Amount	Manual Process CSR Amount	PBP UF Amount	Manual Process UF Amount
1	12345	$155,000	$164,000	$100,000	$123,500	-$20,000	-$24,000
2	74924	$120,000	$110,000	$90,000	$85,000	-$16,000	-$13,000

Scenario 1 HIOS: 12345	APTC	CSR	UF
PBP	$155,000	$100,000	-$20,000
Manual Process	$164,000	$123,500	-$24,000
Total APTCMADJ	$9,000	$23,500	-$4,000

Criteria for PBP Readiness for New 2016 Issuers

Criteria for PBP Readiness for New FFM 2016 Issuers

- Because new 2016 FFM Issuers do not have the opportunity to submit enrollment reconciliation files prior to PBP Go-Live in December, they will be evaluated based on the readiness of other existing Issuers in their Payee Group.
- If the existing 2015 Issuers in the Payee Group are deemed ready for PBP, the new 2016 Issuer will be transitioned as well.
- If the new 2016 Issuer is not affiliated with any other Issuers in a Payee Group, they will not be transitioned until CMS can assess their readiness based on IC834 submissions and enrollment recon data.
- New 2016 FFM Issuers will be paid using the Manual Payment Process until they are deemed ready to transition.

Program Integrity Withholding

Program Integrity Withholding



For Issuers who do not meet the criteria for PBP-readiness, payments will continue to be made on Manual Payment Process submissions beyond January 2016.

Program Integrity Withholding
(Continued)

- Beginning in April 2016
  - A pre-determined withholding percentage will be applied to each month's payment for Issuers still not transitioned to PBP.
  - Advance payments will be paid out at 75% of total payment in April through June, with payment decreasing to 50% of total payment beginning in July.
  - CMS will also calculate the Issuer's "upper bound" payment using the FFM data based on all non-cancelled FFM enrollments.
  - The withholding percentage will be applied to the lesser of the Issuer's payment as calculated through the manual payment process or the CMS-estimated upper bound payment amount.
- **Issuers will be paid in full for each month of 2016 during the next monthly payment cycle once successful Policy-based Payment implementation**

Next Steps for PBP Transition

- CMS will notify Issuers of their readiness status the week of December 7, 2015.
- To ensure transition to PBP and accurate 2016 payments, all Issuers should:
  - Submit **timely**, **complete,** and **accurate** 1A Workbooks every month.
  - Send IC 834s and contact CMS if technical assistance is needed.
  - Submit **timely** and **complete** enrollment reconciliation files every month
    - The January 2016 enrollment recon file will be critical to 2016 payment accuracy.
    - Reach out for technical assistance if needed.
  - Promptly review PPRs and 820s and report discrepancies to CMS.

Knowledge Check

Knowledge Check 1

CMS has been evaluating Issuers' PBP readiness over the last several months. As part of this evaluation, Issuers must meet which of the following criteria in order to transition to PBP for the January 2016 payment cycle?

A. Successful submission of inbound 834 transactions

B. Successful submission of enrollment reconciliation files

C. Manual Payment Process vs. Policy-based Payments Comparison

D. All of the Above

Answer 1

CMS has been evaluating Issuers' PBP readiness over the last several months. As part of this evaluation, Issuers must meet the all of the criteria listed below in order to transition to PBP for the January 2016 payment cycle:

A. Successful submission of inbound 834 transactions

B. Successful submission of enrollment reconciliation files

C. Manual Payment Process vs. Policy-based Payments Comparison

D. All of the Above

Knowledge Check 2

To allow for a smooth transition to Policy-based Payments, CMS has created a temporary payment adjustment process to be applied for January, February and March payments. This adjustment will be in the amount of the difference between an Issuer's Manual Payment Process and Policy-based Payment calculated amounts.

A True

B False

Answer 2

To allow for a smooth transition to Policy-based Payments, CMS has created a temporary payment adjustment process to be applied for January, February and March payments. This adjustment will be in the amount of the difference between an Issuer's Manual Payment Process and Policy-based Payment calculated amounts.

A True

B False

Knowledge Check 3

An FFM Pre-audit file and Issuer have matching values for APTC in the amount of $45.57 for policy 17054371021. Upon receipt of the PPR for the same Payment Period, policy 17054371021 shows an APTC value of $50.00. What type of Payment Discrepancy does this scenario illustrate?

A. Payment Mismatch

B. Duplicate Payment

C. Missing Payment

Answer 3

If an FFM Pre-audit file and Issuer have matching values for APTC in the amount of $45.57 for policy 17054371021, and upon receipt of the PPR for the same Payment Period, policy 17054371021 shows an APTC value of $50.00, this is a payment mismatch.

A. Payment Mismatch

B. Duplicate Payment

C. Missing Payment

Technical Assistance

- For issues related to Issuer communications, Issuers may contact the FMCC at FMCC@cms.hhs.gov.
- For questions or disputes related to Policy-based Payments, Issuers should contact the Enrollment Reconciliation & Resolution (ER&R) Contractor at errsupportcenter@cognosante.com.
- For questions related to the Manual Payments process or program-level payments, please e-mail the Marketplace Payments Team at MarketplacePayments@cms.hhs.gov.
- For standard helpdesk questions, Issuers may email CMS_FEPS@cms.hhs.gov.

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*

Acronyms

Acronym	Definition
APTC	Advanced Premium Tax Credit
CSR	Cost-Sharing Reduction
DSH	Data Services Hub
EDI	Electronic Data Interchange
EPS	Enrollment and Payment System
FFM	Federally-facilitated Marketplace
FMCC	Financial Management Coordination Center
HIOS	Health Insurance Oversight System
HIX	Health Insurance Exchange
PBP	Policy-based Payments
PPR	Preliminary Payment Report
SBM	State-based Marketplace
SHOP	Small Business Health Options Program

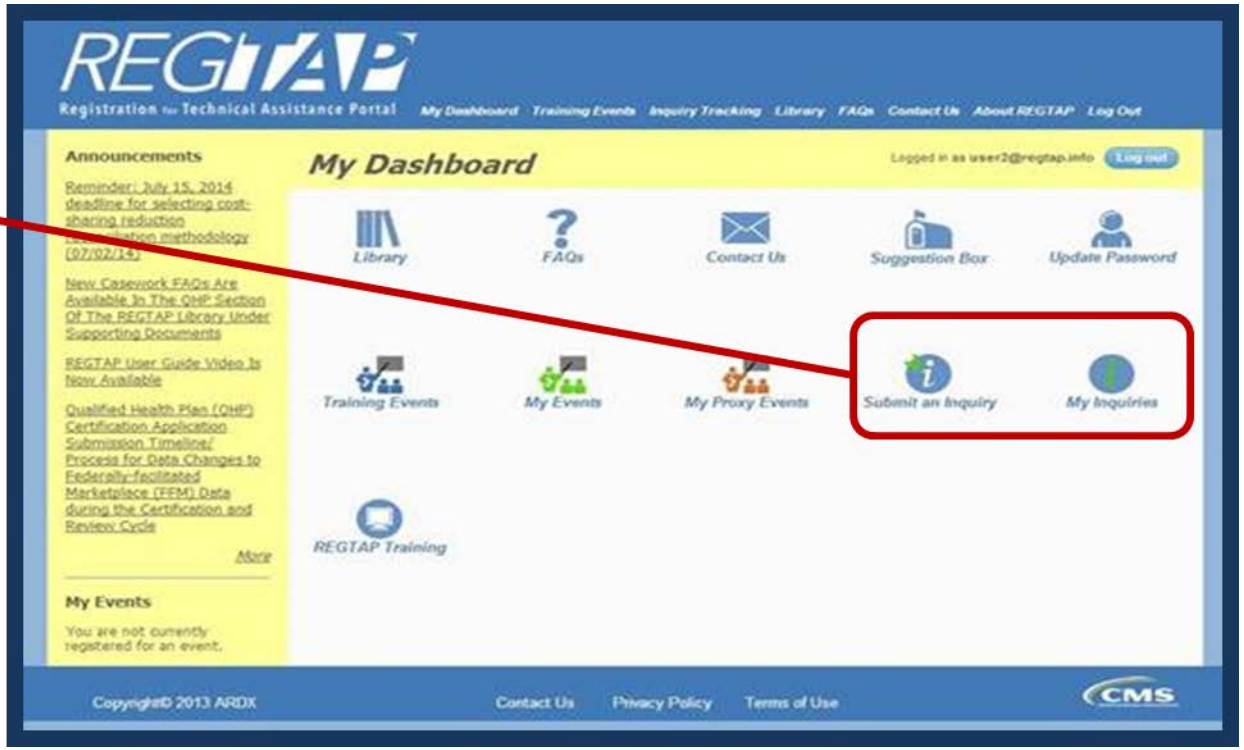
Resources

Resource	Resource Link
Centers for Medicare & Medicaid Services (CMS)	http://www.cms.gov/
U.S. Department of Health & Human Services	http://www.hhs.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/
ASC X12 Store	http://store.x12.org/store/health-insurance-exchanges
Registration for Technical Assistance Portal (REGTAP) - presentations, FAQs	https://www.REGTAP.info

Inquiry Tracking and Management System (ITMS)

Stakeholders can submit inquiries to ITMS at https://www.REGTAP.info

Select “Submit an Inquiry” from My Dashboard.



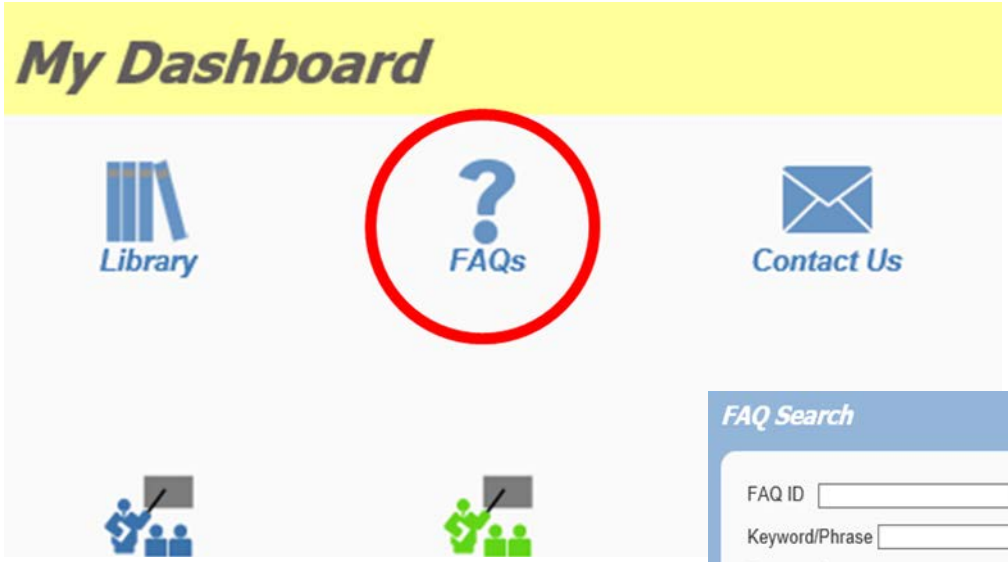
Document Location

Additional Materials for FM Series III are available in the REGTAP Library at https://www.REGTAP.info

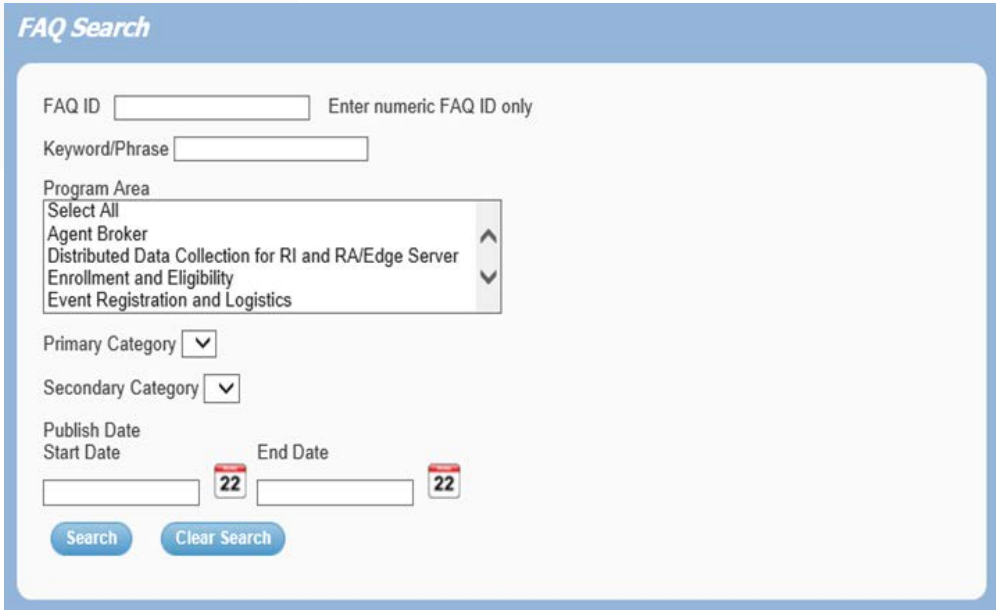
Under Program Area, select "Payments – Remittance Message (X12 HIX 820)"



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