

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



Date: November 01, 2017

From: Center for Consumer Information & Insurance Oversight (CCIIO), Centers for Medicare & Medicaid Services (CMS)

Title: Temporary Manual Adjustment for Policy-based Payments – INFORMATION

Subject: Policy-based Payments: Temporary Manual Adjustment - Easing Cash Flow Impact of the Transition to 2018 for Issuers on Policy-based Payments

I. Purpose

This bulletin provides guidance on how the Centers for Medicare & Medicaid Services (CMS) will assist Issuers to ensure they have sufficient cash flow during the time lag involved with the transition to the 2018 coverage year as Issuers collect premiums and report effectuations to CMS during the 2018 Open Enrollment. Data experience over the past two years of running Policy-based Payments demonstrated that this time lag has the potential to significantly affect Issuer advance payments in the January and February 2018 monthly payment cycles. As with 2017, CMS will therefore implement a temporary manual adjustment to the January and February 2018 Policy-based Payments for Federally-facilitated Exchange (FFE) Issuers and Issuers in State-based Exchanges using the Federal platform (SBM-FP) offering major medical plans. This approach will help mitigate the cash flow impact of the transition to 2018 for Issuers on Policy-based Payments.

II. Temporary Manual Adjustment for Policy-based Payments

CMS will implement a temporary manual adjustment to January and February 2018 Policy-based Payments for FFE and SBE-FP Issuers offering major medical plans. CMS will calculate this adjustment using a payment estimate equal to 80 percent of the estimated policy-based payments on effectuated enrollment plus enrollment still in “initial” status.¹ If the Issuer’s calculated policy-based payments are less than 80 percent of this amount, CMS will apply an adjustment to increase the Issuer’s advance payment, net of FFE user fees, up to the 80 percent threshold. This adjustment will show on Issuers’ Preliminary Payment Report (PPR) and HIX-820s as a separate adjustment to each monthly advance payment or charge.² CMS will reverse these manual adjustments when the year-to-date total policy-based payment reaches the 80 percent threshold or in the March 2018 payment cycle, whichever comes first, so that advance payments and FFM user fee charges as of March 2017 accurately reflect reconciled enrollment by March.

CMS will not make any downward payment adjustments to Issuers whose total calculated Policy-based Payments are above the 80 percent threshold.

¹ In past guidance CMS has referred to this estimate based on enrollment that is in initial or effectuated status as “Upper Bound.”

² These temporary adjustments apply only to payments and charges to Issuers. CMS will not adjust FFE user fees charged to SBE-FPs States electing to be billed directly by CMS.

CMS will also be making payment adjustments to State-Based Exchange (SBE) Issuers transitioning to policy-based payments in 2017 using the submitted manual payment workbooks. The timing of adjustments of these adjustments may vary by state based on data alignment and SBE input. CMS will notify Issuers in each state of planned adjustments directly.

III. How to Notify CMS

An Issuer with questions or seeking assistance regarding the reversible manual adjustment for policy-based payments can notify CMS by sending an email to fmcc@cms.hhs.gov. The email's subject line should indicate the Issuer's HIOS ID(s).