

Reinsurance (RI) Payment Calculation and Cross-year Claims Update Computer-Based Training (CBT) Text-only Version

1.1 REINSURANCE PAYMENTS SERIES II

Welcome to the text-only version of the Reinsurance Payments Series II Reinsurance Payment Calculation and Cross-year Claims Update Computer Based Training or CBT. The purpose of this training is to: provide a step-by-step explanation of the individual enrollee-level reinsurance calculations that will occur on the External Data Gathering Environment (EDGE) server including claims and enrollee selection rules, application of the Cost Sharing Reduction (CSR) Maximum Out-of-Pocket (MOOP) calculation for individual and family policies, as well as an explanation and examples of how the cross-year claims update will impact the Reinsurance (RI) calculation.

1.2 Intended Audience

The intended audience for this includes: Issuers of RI-eligible plans both Marketplace and Non-Marketplace, Third Party Administrators, or TPAs, Administrative Services Only or ASO contractors and other Support Vendors, and Amazon and On-Premise EDGE server issuers.

1.3 Topics to Cover

The training will cover an explanation of the Cross-year Medical Claims Update for the 2015 Benefit Year, an overview of the RI Calculation, RI Calculation Examples for Cross-year Claims, an interactive RI Calculation Example and Resources. You can take a short Knowledge Assessment Quiz to assess what you have learned from the training.

2. Cross-Year Medical Claims Update for Benefit Year 2015

2.1 Cross-Year Medical Claims Update for Benefit Year 2015

Prior to the January 22, 2016 EDGE server update, EDGE server RI calculations did not include medical claims with start dates in 2014 and end dates in 2015 and were tied to enrollment for 2014 Benefit Year only. The January 22, 2016 EDGE server update allowed all eligible, non-orphaned cross-year claims to be included in the RI Total Paid Amount calculation, regardless of whether the associated enrollee has any active 2015 enrollment. Cross-year claims and 2014 enrollment will not be used in calculating the 2015 CSR MOOP adjustment.

3. RI Calculation Review

3.1 RI Calculation Overview

The Centers for Medicare & Medicaid Services (CMS) categorizes the RI payment calculation into seven steps. Step One, identify RI-eligible claims. Step Two, identify RI-eligible enrollees and enrollment periods. Step Three, calculate the Total Paid Amount of claims for each enrollee. Step Four, calculate the CSR MOOP adjustment. Step Five, calculate the CSR MOOP-adjusted RI-eligible Total Paid Amount by enrollee. Step Six, apply the national RI parameters. Step Seven, calculate the CSR MOOP-adjusted RI-eligible Total Paid Amount for each issuer.

3.2 Step 1: Identify RI-eligible Claims

Identify active claims, claims in an inactive status are not eligible for either Risk Adjustment (RA) or RI consideration. The Enrollee ID in a claim must match an active Enrollee ID in the enrollment table. Claims without active enrollees are considered orphaned claims and are excluded from RA and RI calculations. The EDGE server will generate an outbound file 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. Note, the Plan ID must be an active individual market plan as defined by the plan reference table. In addition, the Statement Covers To Date must be on or before December 31, 2015.

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For medical claims, the Statement Covers Through Date must be within the current payment year and the Statement Covers From Date must be within the enrollment period. For pharmacy claims the Fill Date must be on or after the active enrollment start date and on or before the enrollment period end date.

3.3 Step 2: Identify RI-eligible Enrollees and Enrollment Periods

To be selected, issuers must have one (1) or more eligible claims for the payment year or have no RI-eligible claims and have an active enrollment period for a plan in the current payment year. RI-eligible enrollees with no eligible claims will be included in RI reporting, but do not contribute to RI calculation estimates.

3.4 Step 3: Link Claims to Enrollees and Calculate Total Paid Claims Amount for Each Enrollee

Claims identified as RI-eligible claims are assigned to their associated RI-eligible enrollees using specific criteria including Enrollee ID, Plan ID and dates. For more information on how claims and enrollees are linked and orphan troubleshooting, please see the 'EDGE Server Baseline Data Calculations, Monitoring EDGE Data Submissions and an Introduction to ECD/ECS Reports' webinar located in the REGTAP Library under the DDC program area.

The paid amounts of linked RI-eligible claims are summed for each enrollee to arrive at the total plan paid amount for the enrollee. If an enrollee is in more than one (1) plan for an issuer in one (1) year, claims across the plans are aggregated.

3.5 Step 4: Calculate the CSR MOOP Adjustment

CMS makes payments to issuers with enrollees in CSR plans in order to reduce issuers' claims liability. To reflect these payments, the RI calculation deducts an adjustment for CSR enrollees. This adjustment is referred to as the CSR MOOP adjustment and is calculated in five (5) steps.

Step 4.1, identify enrollment periods by family and individual sub-policies. Step 4.2, look up the MOOP reference value for each CSR MOOP adjustment period and apply the MOOP adjustment logic. Step 4.3, calculate the individual policy MOOP adjustment if applicable. Step 4.4, calculate family policies using the family policy MOOP adjustment if applicable. Step 4.5, calculate the total CSR MOOP adjustment for the enrollee.

3.6 Step 5: Calculate CSR MOOP-Adjusted RI-eligible Total Amount by Enrollee

To calculate the CSR MOOP adjusted RI-eligible total amount for each enrollee, issuers must subtract the CSR MOOP adjustment, calculated in Step Four, from the enrollee's RI total paid claims amount. Enrollee ID 'RANDERSON' has four (4) claims. To calculate the CSR MOOP adjusted RI-eligible total amount for the enrollee, subtract the total RI paid amount of \$100,200 from the CSR MOOP adjustment of \$475 for a total of \$99,000 for the CSR MOOP-adjusted RI-eligible total amount.

3.7 Step 6: Apply National RI Parameters

The National RI parameters are applied to the enrollee after the RI-eligible total paid claims amount is calculated. The National RI parameters are an attachment point of \$45,000, a cap of \$250,000 and the estimated EDGE coinsurance rate of 50%. If an enrollee's total paid claims net of the CSR MOOP adjustment is less than the attachment point, the estimated RI payment will total \$0. If an enrollee's total paid claims net of the CSR MOOP adjustment is greater than \$45,000, but less than \$250,000, the estimated RI payment is the RI-eligible total paid claims amount minus the attachment point of \$45,000. This amount is multiplied by the 50% coinsurance rate. If an enrollee's total paid claims is greater than or equal to \$250,000, the estimated RI payment is calculated by multiplying \$205,000 by the 50% coinsurance rate for a total estimated RI payment of \$102,500.

The final coinsurance rate depends on the amount collected in RI contributions from issuers and eligible paid claims submitted by issuers to the EDGE server. CMS may potentially pay up to 100% of claims costs that fall between the attachment point and cap. Therefore, the maximum RI payment estimate per enrollee could be up to \$205,000. On June 30, 2016, CMS will provide issuers with payment reports that include the actual coinsurance rate. Estimated RI amounts before estimated coinsurance is applied are shown as the <estimatedRIPayment> in both the Reinsurance Detail Enrollee Report (RIDE) and the Reinsurance Summary Report (RISR) Reports. The estimated RI payment amounts after coinsurance is applied are shown as <coinsurancePercentPayments> in the RIDE Report and <coinsuranceAdjustedRIPayment> in the RISR Report.

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3.8 Step 7: Calculate Estimated RI Payment for Issuer

The estimated RI payment for each enrollee within an issuer is summed to calculate the CSR MOOP-adjusted RI-eligible Total Paid Amount. The CSR MOOP-adjusted RI-eligible Total Paid Amount represents the total estimated amount of RI payment due to the issuer for the current benefit year.

4. RI Calculation Examples for Cross-Year Claims

4.1 Cross-year Claims Example 1

Assuming Steps 1 through 3 were successfully completed, the example will begin with Step 4 in the RI calculation. Subscriber A is enrolled in an individual policy for the entire 2014 and 2015 Calendar Years, and has cross-year and 2015 claims only. Since Subscriber A has enrollment in 2015, a CSR MOOP adjustment is calculated for the 2015 individual policy. However, no MOOP adjustment is calculated for Subscriber A's 2014 individual policy.

Once the individual and sub-policies are identified as RI-eligible, issuers should look up the MOOP reference values for each CSR MOOP adjustment period in the EDGE plan reference table. Subscriber A's plan ID ends in 04, subtract the individual MOOP value for that plan from the 01 or standard plan variant of the individual MOOP value. The individual MOOP value for Subscriber A's plan is \$5,200 and is subtracted from the 01 or standard plan variant of \$6,350 giving a total of \$1,150 for the CSR MOOP adjustment for the individual.

Calculate the individual policy MOOP adjustment for each enrollee by taking the total CSR MOOP adjustment for each enrollee and adding the CSR MOOP adjustments allocated for each enrollment period. In the example, Subscriber A has one (1) MOOP adjustment since the CSR MOOP adjustment is not calculated for 2014 enrollment. The total CSR MOOP adjustment for Subscriber A is \$475.75.

Calculate a MOOP adjustment for the individual policy. Prorate the CSR MOOP adjustment total calculated in Step 4.1 by the number of days enrolled in the individual policy for 2015. Note, the MOOP adjustment period in the diagram shown, indicated by the red dashed box, does not include cross-year claims and claims with 2014 coverage in the CSR MOOP adjustment calculation. In the example, \$1,150 is multiplied by the number of days the individual policy was active in 2015.

Step 5, calculate the CSR MOOP adjusted RI-eligible Total Paid Amount for Subscriber A. Issuers should subtract the Total Paid Amount including cross-year claims from the enrollee CSR MOOP adjustment as calculated in Step 4.5. In the example shown, the cross-year claims are included in the calculation of the Total Paid Amount. Cross-year claims are not included in the CSR MOOP adjustment. For Subscriber A, the issuer adds the cross-year claims totaling \$100,000 to the current year claims totaling \$50,000 and subtracts the amount from the CSR MOOP adjustment of \$475.75 for a Total Paid Amount net of MOOP of \$149,524.25.

Step 6, apply the national RI parameters. In the example shown, the RI attachment point is subtracted from the RI Total Paid Amount net of MOOP and multiplied by the 50% EDGE estimated coinsurance rate. Subscriber A's RI payment estimate totals \$52,262.13.

Step 7, calculate the amount from Step 6 at the issuer level. In this example, assuming Subscriber A is the only enrollee for the issuer and the estimated coinsurance rate is 50%, the issuer would receive a RI payment of \$52,262.13 for the enrollee.

4.2 Cross-year Claims Example 2

Cross-year claims Example 2. Assuming steps one through three have been successfully completed, the example will begin with Step 4. In the claims and enrollment data table shown, Subscriber C is enrolled in an individual policy in 2014 only and has cross-year claims. The CSR MOOP adjustment does not apply to Subscriber C since the CSR MOOP adjustment is not calculated for 2014 enrollment or cross-year claims.

Step 5, calculate the CSR MOOP adjusted Total Paid Amount by enrollee. Subtract the enrollee CSR MOOP adjustment from the total amount paid including cross-year claims. In the example, Subscriber C had 2014 enrollment data only and no 2015 enrollment data, the CSR MOOP adjustment was not applied for Subscriber C.

Considering Subscriber C has \$50,000 worth of cross-year claims and no current year claims, the Total Paid Amount net of MOOP adjustment is \$50,000.

Step 6, apply the national RI parameters. The \$50,000 RI Total Paid Amount net of MOOP adjustment is between the RI attachment point of \$45,000 and the \$250,000 cap. To calculate the RI payment estimate for Subscriber C, the \$50,000 RI Total Paid Amount is subtracted from the \$45,000 reinsurance attachment point and multiplied by the 50% estimated EDGE coinsurance rate for an RI payment estimate of \$2,500.

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Step 7, calculate CSR MOOP adjusted RI-eligible Total Paid Amount for the issuer. Considering Subscriber C is the only enrollee for the issuer, the issuer would receive an RI payment total of \$2,500.

4.3 Cross-year Claims Example 3

Cross-year claims Example 3. Assuming Steps 1 through 3 have been successfully completed, the example shown will begin with Step 4. Subscriber A and Dependent B are in the same family policy enrollment period for the entire 2014 Calendar Year. The enrollees renewed the family policy on January 1, 2015; however, Dependent B left the policy on May 31, 2015 and Subscriber A continued on the policy for the rest of the 2015 Calendar Year. In the table shown, two CSR MOOP adjustment calculations are created: one family calculation for the first sub-policy period in 2015 and one individual calculation for the second sub-policy period also in 2015. Note, the 2014 enrollment period does not factor into the CSR MOOP calculation.

Step 4.2, look up the MOOP reference values for each CSR MOOP adjustment period. In the plan data and the sample plan reference table shown, the EDGE server identified MOOP reference value 01 variant totaling \$12,700 and 04 variant totaling \$10,400. In the example shown, the 01 variant of \$12,700 is subtracted from the 04 variant of \$10,400 for a total of \$2,300 for the family CSR MOOP adjustment.

Note, Step 4.3 is used to calculate individual policies. Issuers should use Step 4.4 to calculate the CSR MOOP adjustment for family policies. Only current payment year enrollment is included in the MOOP calculation. In the example shown, the period between January and May of 2015 is prorated by duration.

Step 4.4b, distribute the family policy MOOP adjustment amount from Step 4.4a. The Total Paid Amount for Subscriber A and Dependent B was \$50,000. When the CSR MOOP adjustment is distributed across all enrollees within the plan, both Subscriber A and Dependent B will have the same CSR MOOP amount.

Step 4.3, calculate individual policy MOOP adjustment. After the CSR MOOP is calculated for the family policy, issuers should go to Step 4.3 and calculate the individual MOOP policy if applicable. In the example shown, Dependent B leaves Subscriber A's family policy, leaving Subscriber A in an individual policy with coverage from June 1, 2015 through the end of the 2015 Calendar Year.

Repeat Step 4.2, look up MOOP reference values for the individual policy. In the example shown, Subscriber A's plan IDs ending in 04 are subtracted from the individual MOOP value of the 01 or standard plan variant. In the sample plan reference table shown, the individual or the 01 variant value total of \$6,350 is subtracted from Subscriber A's value total of \$5,200 for a total CSR MOOP adjustment of \$1,150 for the individual.

Step 4.3, prorate the total amount calculated in Step 4.2 by the number of days the Subscriber was enrolled in the individual policy. In the example shown, Subscriber A's MOOP adjustment of \$1,150 was prorated by 213 days for a CSR MOOP adjustment of \$671.

Step 4.5, calculate the CSR MOOP adjustment for the enrollee. The CSR MOOP adjustment is calculated by adding the individual MOOP adjustment allocated for each enrollment period. In the example shown, the CSR MOOP adjustment for Subscriber A is calculated by adding \$472 from the family policy with \$671 from the individual policy. For Dependent B, the CSR MOOP adjustment is \$472 since Dependent B left Subscriber A's family policy and no additional CSR MOOP was associated with the enrollee.

Step 5, calculate the MOOP adjusted RI Total Paid Amount by enrollee. Subtract the total enrollee CSR MOOP adjustment from the total amount paid, including cross-year claims for the enrollee. Cross-year claims are not included in the CSR MOOP adjustment. In the example, the Total Paid Amount net of the MOOP for Subscriber A and Dependent B is shown.

Step 6, apply the national RI parameters. Subscriber A and Dependent B both have Total Paid Amounts net of MOOP between the RI attachment point and cap. Subtract the RI attachment point of \$45,000 from the Total Paid Amount and multiply by the 50% estimated coinsurance rate for each enrollee.

Step 7, calculate the MOOP-adjusted RI-eligible Total Paid Amount at the issuer level. Add the RI payment estimate from Subscriber A to Dependent B.

5. Knowledge Check Quiz

Welcome to the Knowledge Check quiz.

What is the estimated RI-eligible payment if the enrollee's total paid claims net of CSR MOOP adjustment is greater than or equal to \$250,000?

The answer is \$205,000. The estimated RI-eligible payment if an enrollee's total paid claims net of the CSR MOOP adjustment is greater than or equal to \$250,000, is \$205,000.

True or False. Cross-year claims and 2014 enrollment will be used in calculating the CSR MOOP adjustment.

The answer is false. Cross-year claims and 2014 enrollment will not be used in calculating the CSR MOOP adjustment.

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6. Resources

6.1 Resources

In addition to the resources mentioned during this CBT, HHS maintains several resources with general guidance for any organization working with exchanges.

6.2 Locating Reinsurance Documents in REGTAP

Stakeholders can access additional documents in the REGTAP Library at <https://www.REGTAP.info>. To access additional documents in the REGTAP Library select 'Reinsurance' under Program Area.

6.3 Inquiry Tracking and Management System (ITMS)

REGTAP Users can submit questions to the Inquiry Tracking and Management System by selecting "Submit an inquiry" on their REGTAP Dashboard. Please enter one question per submission, and please link your inquiry to the Reinsurance Payments Series II training series.

6.4 FAQ Database on REGTAP

REGTAP has a searchable FAQ database which allows users to search FAQs by FAQ ID, Keyword or Phrase, Program Area, Primary and Secondary Categories and Publish Date. The FAQ database is accessible by selecting the FAQs button on your REGTAP dashboard.

7. Conclusion

Thank you for participating in the text-only Reinsurance Payments Series II Reinsurance Payment Calculation and Cross-year Claims Update CBT. For information regarding additional webinars, please log on to REGTAP at www.REGTAP.info for registration details and discussion topics.

8. Interactive Calculation

8.1 Individual Policy with Cross-year Claims and 2015 Only Claims

You will walk through an Individual Policy with Cross-year Claims and 2015. Only Claims Subscriber A and Dependent B are two members in a family policy. Subscriber A and Dependent B are in the same family policy enrollment period from January 1, 2014 through December 31, 2014. After renewing the policy on January 1, 2015, Dependent B leaves the policy on May 31, 2015 leaving Subscriber A to continue on the policy with a modification from June 1, 2015 through December 31, 2015.

8.2 Step 1 – Identify CSR MOOP Adjustment Periods

Subscriber A, Period 1: 1/1/2015 - 5/31/2015

Subscriber A, Period 2: 6/1/2015 - 12/31/2015

Dependent B, Period 1: 1/1/2015 - 5/31/2015.

This modification results in two CSR MOOP adjustment calculations: one family calculation for the first sub-policy period in 2015 and one individual calculation for the second sub-policy period in 2015. There are an estimated 151 days from January 1 to May 31. The correct answer is Subscriber A, Period 1: 1/1/2015 - 5/31/2015, Subscriber A, Period 2: 6/1/2015 - 12/31/2015, Dependent B, Period 1: 1/1/2015 - 5/31/2015.

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This modification results in two CSR MOOP adjustment calculations: one family calculation for the first sub-policy period in 2015 and one individual calculation for the second sub-policy period in 2015.

There are an estimated 151 days from January 1 to May 31.

For Step 1, identify the CSR MOOP adjustment periods for Subscriber A and Dependent B. Use the table shown to identify the CSR MOOP adjustment periods for Subscriber A and Dependent B by dragging the enrollment period dates to the corresponding period shown by the gray boxes.

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8.3 Step 2 – Use MOOP Reference Values and Length of Policy to Calculate a CSR MOOP Adjustment for Each Period Overview

For Step 2, use MOOP reference values and length of a policy to calculate a CSR MOOP adjustment period for each enrollment period. Only current year enrollment is included in the MOOP calculation. Subscriber A and Dependent B are enrolled in a policy during the January 1, 2015 through May 31, 2015 enrollment period. Using the 16-Digit Plan ID Plan Variant MOOP table, the MOOP “01” family value is \$12,700. Using the 16-Digit Plan ID Variant MOOP table, the MOOP “04” family value is \$10,400.

Calculate the CSR MOOP adjustment for Period 1 and Period 2. Calculate Period 1 for the family policy by subtracting the “04” family plan variant from the “01” family plan variant. Enter the value for the MOOP “01” policy.

Continue entering the values for Period 2 for the Individual Policy. The CSR MOOP adjustment period for an individual policy is calculated by subtracting the “04” individual plan variant from the “01” individual plan variant. Enter the value for the MOOP “01” individual.

8.4 Step 3 – Distribute Adjustments by Each Enrollee’s Share of Family’s Total Claims in Policy

For Step 3, family policies, distribute adjustment by each enrollee’s share of family’s total claims in policy. Only current year claims are included in the MOOP calculation. Therefore, paid amounts of cross-year claims should be excluded. Using the formula and information tables. First, calculate for subscriber A in period one. Enter the value for the CSR MOOP adjustment for Period 1.

Continue with Step 3 by entering the values for Dependent B. Enter the CSR MOOP adjustment for Period 1.

8.5 Step 4 – Sum MOOP Adjustments Across all of Enrollee’s Adjustment Periods

In Step 4, CSR MOOP adjustments are calculated across an enrollee’s MOOP adjustment periods for the current benefit year. All CSR MOOP adjustments are combined to determine a single total MOOP adjustment for the enrollee. For instance, if Subscriber A had a MOOP adjustment of \$275.00 for Period 1 and \$375.00 for Period 2, Subscriber A’s total MOOP adjustment would be \$650.00. Enter the values for the CSR MOOP adjustment for Subscriber A.

8.6 Step 5 – Subtract Enrollee Total CSR MOOP Adjustment from Enrollee Total Paid Amount

For Step 5, subtract enrollee total CSR MOOP adjustment from enrollee Total Paid Amounts. While previous payment year enrollment and cross-year claims are excluded from the CSR MOOP adjustment calculation, they are used in the remainder of the RI calculation. The total plan paid amount per enrollee is calculated by summing plan paid amounts across all sub-policy adjustment periods of the enrollee, including associated cross-year claims. Enter the values for the enrollees for subscriber A.

Continue Step 5 by entering the values for Dependent B to calculate the RI-eligible Total Paid Amount. Enter the values for the enrollee Total Paid Amounts, including Cross-year claims for Dependent B.

8.7 Step 6 – Apply National RI Parameters to Calculate Enrollee Estimated RI Payment

In Step 6, apply national RI parameters to calculate the enrollee estimated RI payment for Subscriber A and Dependent B. Both enrollees have RI-eligible Total Paid Amounts that fall between the attachment point and cap. Enter the values for the enrollee’s RI-eligible Total Paid Amount for Subscriber A.

Continue Step 6 by calculating the RI payment for Dependent B. Enter the value for the enrollee’s RI-eligible Total Paid Amount for Dependent B.

8.8 Step 7 – Sum Estimated RI Payments for All Enrollees to Calculate Issuer’s Estimated RI Payment

For Step 7, add the sum of estimated RI payments for all enrollees to calculate the issuer’s estimated RI payment. Next, enter the values for the estimated RI payments.