



Centers for Medicare & Medicaid Services

State-Based Exchange 2018 Policy-based Payment Transition Guide

**A guide for State-Based Exchanges (SBEs) and SBE
Issuers on how to transition from the Manual Payment
Process to the Policy-based Payment Process**

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1. Introduction

The State-Based Exchanges (SBE) Individual Market 2018 Policy-based Payment (PBP) Transition Guide provides all SBEs and SBE issuers with a consolidated point of reference for guidance related to the SBE transition from the manual payment process to PBP.

This guide will be posted to the zONE website: <https://portal.cms.gov/> in the [SBE](#) and [issuer communities](#) and also in [REGTAP](#).

1.1 Policy-based Payments Overview

CMS has created an end-to-end solution for plan management, eligibility & enrollment, and financial management functions, as required by the Patient Protection and Affordable Care Act (PPACA). The Enrollment and Payment System (EPS) within CMS compiles enrollment data from the Federally-facilitated Exchanges (FFE) and SBEs, and calculates advance payments of the premium tax credit (APTC) and advance cost-sharing reduction (CSR) payments to issuers based on the policy-level enrollment data.

Beginning in January 2018, most SBE issuers will begin to transition to Policy-based Payments. With this transition, CMS calculates payment amounts at the policy level based on effectuated policy-level enrollment data from SBEs.

The SBE PBP process will include:

- Payment amounts calculated and sent to SBE issuers based on policy-level effectuated enrollment data sent by SBEs to CMS.
- Automated payment reports providing payment remittance information at the policy level (Preliminary Payment Report (PPR) and Health Insurance Exchange (HIX) 820 remittance-advice Transactions).
- CMS SBE Payment Dispute Process allowing issuers to report payment and charge discrepancies at the policy level.

In order to be processed for payments, a policy must be effectuated within EPS. To reduce risk of accidental payment, EPS will not allow any initial enrollments (non-effectuated enrollments) to be ingested.

2. SBE Issuer Transition to the Policy-based Payment Process

2.1 Background

Since Exchange inception, SBEs or SBE issuers have been submitting manual payment workbooks to CMS to make APTC and advance CSR payments to SBE issuers at the qualified health plan (QHP) level.

Since the SBE is the source of truth or system of record for their policy-level enrollment data, the SBE must submit the policy-level enrollment records to CMS. This submission is required for CMS to transition the issuers from program level payments using the manual payment workbooks to actual policy-based payments. This policy-level enrollment data is sent to CMS via the SBE inbound (SBMI) file.

CMS has been testing and validating various file transmissions with SBEs and SBE issuers since the fall of 2016. CMS continues to evaluate SBE policy-level enrollment data submissions via the SBMI files in the Production Readiness (ProdR) environment. CMS intends to continue to validate SBMI submissions in that region until an SBE is deemed ready to transition fully to Policy-based Payments.

2.2 SBE Issuer Transition General Plan

For the first few months of the SBE PBP transition in 2018, CMS plans to make temporary manual adjustments to policy-based payments to SBE issuers so that total payments match those calculated using the manual payment workbooks, as it did when transitioning FFE issuers to PBP. In transitioning SBEs, Issuer PPRs and 820s will show policy-based payment detail based on the data submitted in the SBMIs and temporary manual adjustments made each month at the program level.

CMS intends to continue collecting the manual payment workbooks from the SBE or the SBE issuers until policy-based payments are well established and CMS and the SBE agree that the manual payment workbooks are no longer needed.

After a few months of experience in 2018 PBP, CMS will reverse the temporary manual adjustments made at the beginning of the year such that net payment is trued-up to PBP system calculated payments. CMS will determine the timing of this reversal through discussions with the SBE such that both parties agree that the data is acceptable and systems are fully ready to support PBP. CMS will work closely with SBEs to determine what month would be most appropriate to target reversal of these adjustments to fully complete the transition to PBP for each issuer, and whether any adjustment to the target month is needed in 2018.

There may be situations in which certain issuers cannot be transitioned within an SBE that is transitioned. CMS intends to work with each SBE and in some instances, SBE issuers, to determine what the correct timing will be to transition to PBP and also when to end the manual payment workbook submissions. After an issuer has been transitioned to receiving payments based on PBP data and not the manual payment workbooks, CMS intends to stay with that approach, although may make manual adjustments to policy-based payments if necessary to ensure payment accuracy at any point in the future.

2.3 Decision to Transition SBEs and SBE Issuers

CMS plans to transition any SBEs and SBE issuers that are ready to transition for the January 2018 payment cycle. CMS will work with SBEs to make a determination by using the 2017 SBMI data submissions through November 2017. An initial determination of ability to switch to PBP will be made the first two weeks of November 2017, although any SBEs successfully

sending SBMI files in September 2017 and October 2017 should be prepared to submit to the Production environment beginning in December. Barring any egregious issues with the November 2017 SBMI submission, an SBE should plan to transition. A final determination will be made at the end of November 2017.

2.4 Policy-level Reporting (PLR) and Manual Workbook Submissions

2.4.1 2017 Payments

Policy-level Reporting (PLR) data is used by CMS for the year-end comparison to the Manual Payment Process data as part of the Enrollment and Payment Data Validation process. Month-to-month changes in enrollment data as part of normal enrollment fluctuation are not evaluated by CMS.

To minimize operational burden for SBEs, CMS will permit SBEs to suspend submission of 2017 PLR files if they are successfully submitting one of the following:

- 2017 SBMI file in ProdR; or
- 2017 PLR file.

SBEs may continue monthly 2017 PLR submissions if desired. This suspension does not affect any prior year PLR file submissions; CMS still expects PLR submissions for 2014, 2015, and 2016.

In July 2018, all SBEs will be required to submit a 2017 policy-level enrollment data file (either a PLR file or an SBMI in ProdR) reflecting 2017 coverage in order for CMS to complete the 2017 Enrollment and Payment Data Validation process. As with prior years, SBEs may be requested to re-submit an updated policy-level file depending on the outcome of the validation process. CMS will work closely with each SBE to determine the best approach to meeting the requirements.

2.5 Guidelines for Transitioning SBEs and SBE issuers

2.5.1 2017 SBMI Submissions to the Production Readiness Environment

SBEs who are transitioning in January 2018 should not send the monthly 2017 SBMIs to the Production Readiness environment with an “.R” extension after the November 2017 SBMI submission. However, they should send either a PLR or SBMI file for the 2017 coverage year in July of 2018 and thereafter for restatements, as indicated in the previous section.

2.5.2 2018 SBMI submissions to the Production Environment

All SBEs that have been approved to transition to PBP in 2018 should send a Production file to the Production region with a “.P” extension by December 1, 2017 at 11:59pm for a Production Simulation. Partial data for January 2018 is acceptable since this is just a validation run. CMS will process the files in the Production Region by sending an SBMS/SBMR back to the SBE. CMS will then replicate the data in the Production Region to the Production Readiness

environment to conduct a Production Simulation. The Production Simulation will provide SBEs, CMS, and SBE issuers the ability to validate and prepare for actual Production.

The benefits to CMS, SBEs, and SBE issuers to participating in the Production Simulation are:

- Validation of Production deployed code and configurations.
- Performance validation of Production in advance of January 2018 Production batch cycle.
- Ability to identify any unforeseen Production issues to enable a work around and/or fix issues prior to the Production cycle.
- Review and validation of enrollment and payment reports for 2018 partial data submissions.
- EFT transmission validations.

SBEs participating in the Production Simulation should provide a list of SBE Issuers that are requesting EPS Extracts and/or PPRs from the simulation run. Issuers should not ingest these “.R” extension files containing Production data as of December 1, 2017 in their Production systems. The Production Cycle will be processing data later in the month and will have the “.P” file extensions.

SBEs should submit a Production File to be used for the January 2018 payment cycle no later than December 10, 2017. This file may have updates from the one sent for Production Simulation.

CMS will continue to accept 2018 SBMI submissions in 2019 and beyond to restate 2018 payment. As a general timeline, CMS will plan to stop the requirement to send regular monthly SBMI 2018 Production submissions in the spring or early summer of 2019. Thereafter, CMS will allow for quarterly or other scheduled periodic submissions to account for 1095a disputes and appeals in future years until a specified end date. This will account for any changes to SBE enrollment data based on the results of the 1095-A reporting process with IRS as well as appeals or other discrepancies between the enrollment and payment data, while minimizing the burden associated with monthly submission and processing.

2.5.3 2018 Manual Payment Workbook Submissions in Production

SBEs or their issuers should continue to send the 2018 manual payment workbooks to CMS until otherwise indicated. As stated earlier, during the initial part of the transition to PBP, CMS will make a temporary manual adjustment to issuer payments based on the manual payment workbooks. At an agreed upon point with the SBE, CMS will reverse the manual adjustments and base payments on the policy-based data in the SBMI files.

It is estimated that sometime in the summer of 2018, CMS will no longer request manual payment workbook submissions for SBEs and SBE issuers that have been switched to PBP. At that point, payments will be made exclusively using the SBMI and PBP data.

2.6 Guidelines for Non-Transitioning SBEs and SBE Issuers

Non-transitioning SBEs who sent SBMIs to CMS in 2017 should plan to continue sending 2017 and 2018 SBMIs to PROD-R for testing and validation. CMS will work with these SBEs on an individual basis to determine a Prod-R submission schedule and later transition to PBP.

SBEs who are not yet sending 2017 SBMI data to CMS should work closely with CMS to determine a timeline and approach to submission of data to the Prod-R environment as well as an approach to transitioning to PBP.

Due to environment constraints related to running the Production Simulation, Prod-R December SBMI submissions will not be accepted for the January Prod-R payment cycle. Please do not send Prod-R SBMI submissions between November 11, 2017 and December 15, 2017. In January, CMS will continue to accept Prod-R SBMI submissions until otherwise notified.

2.7 SBE and SBE Issuer Trainings and Support Contact Information

CMS has worked with SBEs and SBE issuers to prepare for the new PBP process through a series of webinars, emails and resource pages.

CMS has multiple resources for SBEs to find more information and assist them in the transition to PBP. SBE Office Hours are held most Wednesday afternoons and are one of the key avenues for CMS to distribute information to SBEs. For questions regarding these calls or to be added to the distribution list, please send an email to the SBMEnrollment@cms.hhs.gov mailbox with your name, contact information, and State. The slides from these webinars are emailed to all SBE contacts and are also posted on zONE, <https://zone.cms.gov/community/exchange-community> along with all other related artifacts and technical information.

SBEs who have policy or guidance questions related to the PBP 2018 transition are asked to submit their questions to their IT Project Managers or to submit their questions to SBMEnrollment@cms.hhs.gov.

SBE Issuer Calls are held every other Friday and are held as webinars. The materials from these meetings are posted on zONE, <https://zone.cms.gov/wiki/sbm-issuer-information> and emailed out. Issuers who wish to be added to the monthly SBE Issuer Call should submit their request to the FMCC mailbox: FMCC@cms.hhs.gov.

Trading Partners that need help with file transmission should contact the Exchange Operational Support Center at the following number and email address. Telephone: 1-855-CMS-1515 Email: CMS_FEPS@cms.hhs.gov.

3. Reference Documents

3.1 For SBEs

zONE Exchange Community Public Documentation for SBEs:

<https://zone.cms.gov/community/exchange-community>

SBE Internal Control Document (ICD): <https://zone.cms.gov/document/state-internal-control-document-icd>

SBE Payment Disputes Technical Reference Guide: <https://zone.cms.gov/document/sbe-payment-disputes-technical-reference-guide-0>

Enrollment and Payment Files Chart: https://zone.cms.gov/document/caltid-doc155988_sbm-policy-based-payment-pbp-files-chart

Payment Cycle Calendar: <https://zone.cms.gov/document/sbe-pbp-payment-cycle-calendar>

Temporary Manual Adjustment Scenarios: <https://zone.cms.gov/document/temporary-manual-adjustments-scenarios>

3.2 For SBE Issuers

zONE Issuer Community Public Documentation for SBE Issuers:

<https://zone.cms.gov/community/issuer-community-private>

SBE Issuer ICD: <https://zone.cms.gov/document/sbe-issuer-icd>

SBE Payment Disputes Technical Reference Guide: <https://zone.cms.gov/document/sbe-payment-disputes-technical-reference-guide>

Issuer Dispute Form: <https://zone.cms.gov/document/issuer-dispute-form>

SBM Disputes Disposition and Detail Code List: <https://zone.cms.gov/document/sbm-disputes-disposition-and-detail-code-list>

SBM PBP Files Chart: <https://zone.cms.gov/document/sbm-pbp-files-chart>

Payment Cycle Calendar: <https://zone.cms.gov/document/sbe-pbp-payment-cycle-calendar>

CMS HIX 820 Companion Guide: <https://zone.cms.gov/document/cms-hix-820-companion-guide>

CMS Individual Market HIX 820 X12 Scenarios: <https://zone.cms.gov/document/cms-individual-market-hix-820-x12-scenarios>

Payee Information Report (Function code: PNR) for Payee: <https://zone.cms.gov/document/payee-information-report>

Temporary Manual Adjustment Scenarios: <https://zone.cms.gov/document/temporary-manual-adjustments-scenarios>

4. Revision History

Revision #	Date	Description of Change	Author
Version 1.0	11/02/2017	Initial Draft	CMS