# User Group Regarding the Reinsurance Contribution Submission Process: Contributing Entities and Counting Methods

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**Division of Reinsurance Operations**

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# Session Guidelines

- This is a sixty-minute session
- Address common questions regarding:
  - Contributing Entities
  - Counting Methods
- After the presentation, we will take your questions

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# Purpose and Objectives

- Review common questions regarding Contributing Entities and Counting Methods
- Respond to questions regarding the material presented in the prior webinar “The Transitional Reinsurance Program: Contributing Entities and Counting Methods”

# Overview of the Transitional Reinsurance Program

- The Transitional Reinsurance Program is established by Section 1341 of the Affordable Care Act (ACA) to help stabilize premiums in the individual market
- Reinsurance contributions are required for the 2014, 2015 and 2016 Benefit Years
- The program is funded by contributions collected from health insurance issuers and certain self-insured group health plans to cover costs for high-cost individuals enrolled in non-grandfathered reinsurance-eligible individual market plans

# How do I calculate the annual enrollment count if my plan does not operate on a calendar year basis?

- Enrollment counts are calculated based on a **benefit year (calendar year)** and not a plan year
- The Counting Methods generally calculate covered lives based on enrollment in the first nine months of a calendar year [see 45 CFR 153.405(d) through (g)]
  - Exception: Form 5500 Counting Method, which may only be used by self-insured group health plans who filed a Form 5500 [see 45 CFR 153.405(e)(3)]

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# What is the Form 5500 Counting Method? [45 CFR 153.405(e)(3)]

- The Form 5500 Method may only be used by self-insured group health plans that have filed a Form 5500 for the prior plan year
- Under the Form 5500 method, a self-insured group health plan must use the number of lives covered for the most current plan year calculated based upon the "Annual Return/Report of Employee Benefit Plan" filed with the Department of Labor (Form 5500) for the last applicable time period
  - This means that a self-insured group health plan using the Form 5500 Method may use enrollment based upon its plan year, instead of the 2014 Benefit Year
- The Form 5500 Method is the only Counting Method that does not use the first nine months of the applicable benefit year to determine covered lives

# Example of Form 5500 Counting Method

- Calculation of Covered Lives for a Self-insured Group Health Plan **Offering <u>ONLY</u> Self-only Coverage**

| Date for Form 5500 Reporting | Number of covered lives for the date | Number of Dates | Calculation |
|---|---|---|---|
| August 1, 2013 | 5,000 | 2 | A = 13,000 ÷ 2<br>A = 6,500 covered lives |
| July 30, 2014 | 8,000 | | |
| Total | 13,000 | | |

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# Example Form 5500 Counting Method (continued)

- Calculation of Covered Lives for a Self-Insured Group Health Plan **Offering Self-Only AND Coverage Other Than Self-Only Coverage**

| Date for Quarter | Number of covered lives for the date | Calculation |
|---|---|---|
| August 1, 2013 | 6,000 | A = 6,000 + 9,000<br>A = 15,000 covered lives |
| July 30, 2014 | 9,000 | |
| Total | 15,000 | |

# What if my plan changes funding mechanisms during the benefit year?

- This would occur during the calendar year when:
  - A fully insured plan becomes self-insured; or
  - A self-insured plan becomes fully insured
- In each case, both plans are responsible for paying a portion of the reinsurance contribution using one of the permitted Counting Methods, as applicable, based on the portion of the benefit year the covered lives of reinsurance contribution enrollees were enrolled in their respective plan
- The Counting Methods generally calculate covered lives based on enrollment in the first nine months of a calendar year, and most of the Counting Methods account automatically for partial years

# Example – if plan changes funding mechanisms during the benefit year

- A group health plan is fully insured from January 1, 2014 to April 30, 2014 and then self-insured from May 1, 2014 to December 31, 2014
  - The issuer of the fully insured plan would be responsible for paying the per covered life contribution amount for the portion of the calendar year the covered lives are enrolled in the fully insured plan: January 1 – April 30, using one of the methods at 45 CFR 153.405(d)
  - The self-insured group health plan would be responsible for paying the per covered life contribution amount for the portion of the calendar year the covered lives are enrolled in the self-insured plan: May 1 – September 30, using one of the methods at 45 CFR 153.405(e)

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# Example – Actual Count Method for Part of the Benefit Year

| Contributing Entity | Month | Sum of lives covered for each day of the month | Sum of days in the month | Calculation |
|---|---|---|---|---|
| **Issuer** | January | 905,000 | 31 | |
| | February | 910,000 | 28 | |
| | March | 905,000 | 31 | |
| | April | 910,000 | 30 | |
| | May | 0 | 31 | |
| | June | 0 | 30 | |
| | July | 0 | 31 | |
| | August | 0 | 31 | |
| | September | 0 | 30 | |
| | **TOTAL** | **3,630,000** | **273** | **A = 3,630,000 ÷ 273**<br>**A = 13,296.70**<br>**A = 13,296.70 covered lives** |

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# Example – Actual Count Method for Part of the Benefit Year (continued)

| Contributing Entity | Month | Sum of lives covered for each day of the month | Sum of days in the month | Calculation |
|---|---|---|---|---|
| **Self-Insured Group Health Plan** | January | 0 | 31 | |
| | February | 0 | 28 | |
| | March | 0 | 31 | |
| | April | 0 | 30 | |
| | May | 910,000 | 31 | |
| | June | 915,000 | 30 | |
| | July | 900,000 | 31 | |
| | August | 925,000 | 31 | |
| | September | 915,000 | 30 | |
| | **TOTAL** | **4,565,000** | **273** | **A = 4,565,000 ÷ 273**<br>**A = 16,721.61**<br>**A = 16,721.61 covered lives** |

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# Example: Actual Count Method when funding mechanism DOES NOT change

| Month | Sum of lives covered for each day of the month | Sum of days in the month | Calculation |
|---|---|---|---|
| January | 905,000 | 31 | |
| February | 910,000 | 28 | |
| March | 905,000 | 31 | |
| April | 910,000 | 30 | |
| May | 910,000 | 31 | |
| June | 915,000 | 30 | |
| July | 900,000 | 31 | |
| August | 925,000 | 31 | |
| September | 915,000 | 30 | |
| **TOTAL** | **8,195,000** | **273** | **A = 8,195,000 ÷ 273**<br>**A = 30,018.315**<br>**A = 30,018.32 covered lives** |

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# Secondary or Supplemental Coverage Exemption

- No reinsurance contributions are required for covered lives enrolled in employer-provided group health coverage to the extent that:
  - Such coverage applies to individuals with individual market health insurance coverage for which reinsurance contributions are required or
  - Such coverage is supplemental or secondary to group health coverage for which reinsurance contributions must be made for the same covered lives reinsurance contributions are not required
  - See 45 CFR 153.400(a)(1)(vi)

# How do I know if my coverage is supplemental?

- Supplemental: If it is not clear from the terms of the health plans which group health plan is supplemental, the group health plan that offers the **greater portion of inpatient hospitalization benefits** is deemed the primary health plan

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# How do I know if my coverage is secondary?

- If it is not clear from the terms of the health plans which group health plan is primary and which is **secondary**, we defer to the arrangements on primary and secondary liability set forth by the respective plan sponsors, in accordance with applicable State coordination of benefit laws and regulations
- CMS would hold a plan sponsor harmless from non-compliance actions for failure to pay reinsurance contributions to the extent the sponsor relied in good faith upon a written representation by the other sponsor that the other sponsor's coverage has primary liability for claims for particular covered lives (and is responsible for making reinsurance contributions with respect to those covered lives) [HHS Notice of Benefit and Payment Parameters for 2015 (79 FR 13782)]

# *Questions?*

To submit questions by phone:

- ❑ dial ‘14’ on your phone’s keypad
- ❑ dial ‘13’ to exit the phone queue

To submit questions by webinar:

- ❑ type your question in the text box under the ‘QA’ tab

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# Resources

# Regulatory References

This list of regulatory references offers additional information and details on the Transitional Reinsurance Program.

- Standards Related to Reinsurance, Risk Corridors and Risk Adjustment (77 FR 17220) provided a regulatory framework
  - http://www.gpo.gov/fdsys/pkg/FR-2012-03-23/pdf/2012-6594.pdf
- HHS Notice of Benefit and Payment Parameters for 2014 (78 FR 15410)
  - http://www.gpo.gov/fdsys/pkg/FR-2013-03-11/pdf/2013-04902.pdf
- Program Integrity: Exchange, Premium Stabilization Programs, and Market Standards (78 FR 65046) established oversight standards
  - http://www.gpo.gov/fdsys/pkg/FR-2013-10-30/pdf/2013-25326.pdf
- HHS Notice of Benefit and Payment Parameters for 2015 (78 FR 13744) provided a split collection process
  - http://www.gpo.gov/fdsys/pkg/FR-2014-03-11/pdf/2014-05052.pdf
- Exchange and Insurance Market Standards for 2015 and Beyond (79 FR 30240)
  - http://www.gpo.gov/fdsys/pkg/FR-2014-05-27/pdf/2014-11657.pdf

# Resources

| Resource | Link/Contact Information |
|---|---|
| U.S. Department of Health & Human Services | http://www.hhs.gov/ |
| Centers for Medicare & Medicaid Services (CMS) | http://www.cms.gov/ |
| The Center for Consumer Information & Insurance Oversight (CCIIO) web page | http://www.cms.gov/cciio |
| Registration for Technical Assistance Portal (REGTAP) - presentations, FAQs | https://www.REGTAP.info |
| Pay.gov | https://pay.gov/paygov/ |
| The Transitional Reinsurance Program – Reinsurance Contributions Webpage | http://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/The-Transitional-Reinsurance-Program/Reinsurance-Contributions.html |

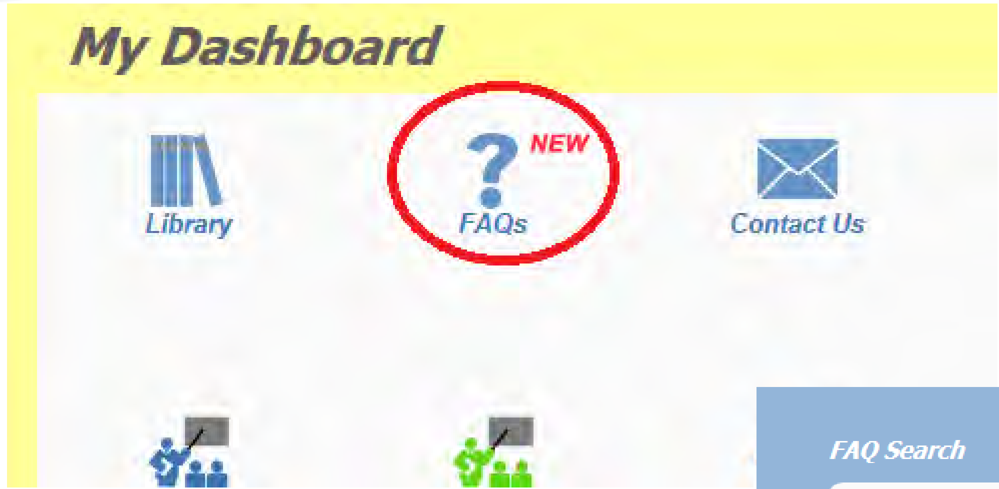
# Inquiry Tracking and Management System (ITMS)

ITMS is available at https://www.REGTAP.info

Users can submit questions after the User Group by selecting "Submit an Inquiry" from My Dashboard.

***Note: Enter only one (1) question per submission.***

# 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 http://www.REGTAP.info

FAQ Search

FAQ ID

Keyword/Phrase

Program Area

Select All
Agent Broker
Distributed Data Collection for RI and RA/Edge Server
Enrollment and Eligibility
Event Registration and Logistics

Primary Category

Secondary Category

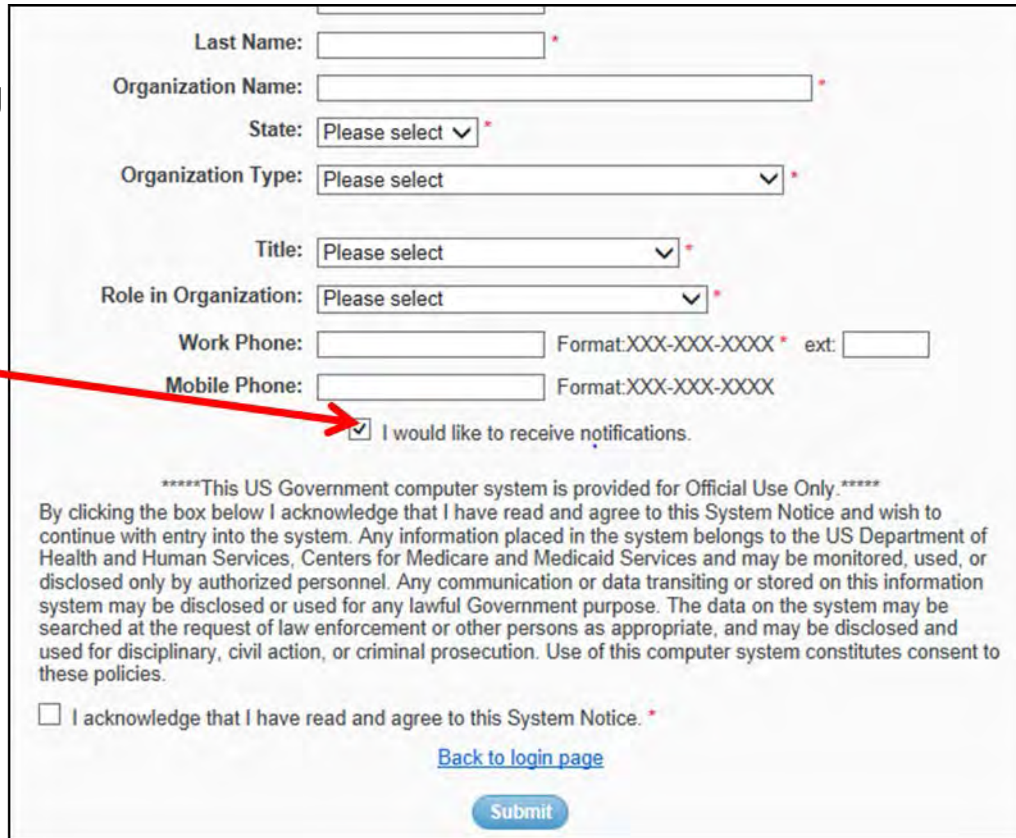
Primary and Secondary Category search available only when one (1) Program Area is selected.

Publish Date
Start Date 22
End Date 22

Search
Clear Search

# Notifications Opt In/Opt Out

Users have the option to opt in or opt out of receiving notifications when first registering in REGTAP by checking or unchecking the box for *"I would like to receive notifications."*




After initial registration, contact the Registrar at registrar@REGTAP.info, call (800) 257-9520, or submit an inquiry to www.REGTAP.info to change notification preference.

# Closing Remarks

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