

# Section 1332 of the Patient Protection and Affordable Care Act (PPACA)

## State Innovation Waivers - Reinsurance Waiver Annual Report

**Reporting Instructions:** Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: Rhode Island

<b>A. GRANTEE INFORMATION</b>		
<b>1. Reporting Period End Date</b> Dec 31, 2020	<b>2. Report Due Date</b> Jun 30, 2021	<b>3. Report Submitted On (Date)</b> July 16, 2021
<b>4. Federal Agency and Organization Element to Which Report is Submitted</b> Consumer Information & Insurance Oversight		
<b>5. Federal Grant Number Assigned by Federal Agency</b> SIWIW200010	<b>6a. DUNS Number</b> 183956978	<b>6b. EIN</b> 056000522
<b>7. Recipient Organization Name</b> EXECUTIVE OFFICE OF STATE OF RHODE ISLAND		
<b>Address Line 1</b> 82 Smith St Ste 217		
<b>Address Line 2</b>		
<b>Address Line 3</b>		
<b>City</b> Providence	<b>State</b> RI	<b>Zip Code</b> 02903
<b>Zip Extension</b> 02903-1120	<b>8. Grant Period Start Date</b> 01/01/2020	<b>9. Grant Period End Date</b> 12/31/2024
<b>10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)</b>		
-1332Waiver_PostAwardForum_Deck_Final 6.24.20.pptx (presentation from the Post-Award Forum) -Rhode Island Pass Through Report_9_12_2020.pdf (Wakely report supporting September 2020 data submission)		

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-Rhode Island Reinsurance Parameters Report _04_14_2020-Final.pdf (Wakely report supporting setting final 2021 parameters)
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## Reinsurance Waiver Annual Report

### B. REPORT CERTIFICATION

**11. Certification:** I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

**11a. Typed or printed name and title of Authorized Certifying Official**

Allison Shippee

**11b. Signature of Authorized Certifying Official**

**11c. Telephone (area code, number, and extension)**

(401) 447-8953

**11d. E-mail address**

allison.shippee@exchange.ri.gov

**11e. Date report submitted (month/day/year)**

07/16/2021

### C. PROGRESS OF SECTION 1332 WAIVER - General

**12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.**

2020 was Rhode Island's first year participating in the 1332 waiver program. Over the course of 2020, HSRI successfully worked with issuers, state partners at the Office of the Health Insurance Commissioner, and Wakely Consulting (RI's actuarial vendor) to implement the waiver. Activities in 2020 included interim data collection from carriers on enrollment and claims, setting parameters for the 2021 plan year, and analysis to support submission of the 2021 pass through report. While the 2020 calendar year is over, closing out the program year will happen later in 2021, when final claims data is submitted, final state funding is determined, and payments are made to issuers. Overall, RI's first year in the program was successful and with no major changes or disruptions to the program.

**13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.**

For 2020 there were not any implementation and/or operational challenges in meeting the 1332 statutory guardrails.

## Reinsurance Waiver Annual Report

D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment <b>on</b> the Exchange in the state	Original value reported: 32,526 Revised value: 30,231	Revised value per request of CMS to reflect enrollment as of December 31, 2020. Original value was average enrollment over all months of 2020.
Actual individual market enrollment <b>off</b> the Exchange in the state	Original value reported: 10,853 Revised value: 10,648	Revised value per request of CMS to reflect enrollment as of December 31, 2020. Original value was average enrollment over all months of 2020.
b. Actual average individual market premium rate <b>on</b> the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$432.40	
Actual average individual market premium rate <b>off</b> the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$522.25	
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	\$259.75	
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	\$269.88	
d. <b>For states with State-based Exchanges</b> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers,	\$103,067,278	

## Reinsurance Waiver Annual Report

	Value	Comments (if applicable)																		
by rating area for the plan year																				
e. <b>For states with State-based Exchanges</b> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	26,746																			
<p><b>15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.</b></p> <p>There was no impact of the waiver on the scope of benefits or Essential Health Benefit benchmark.</p>																				
<p><b>16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.</b></p> <p>2020 was the first year Rhode Island participated in the 1332 waiver program and during the plan year adjustments were made for the 2021 plan year:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Attachment point:</td> <td style="width: 33%;">2020: \$40,000</td> <td style="width: 33%;">2021: \$30,000</td> </tr> <tr> <td>Cap:</td> <td>2020: \$97,000</td> <td>2021: \$72,000</td> </tr> <tr> <td>Coinsurance:</td> <td>2020: 50%*</td> <td>2021: 50%*</td> </tr> <tr> <td>Reinsurance claims payments :</td> <td>2020: \$13.5 million*</td> <td>2021: \$18.775 million*</td> </tr> <tr> <td>Federal pass-through funds:</td> <td>2020: \$5.2 million</td> <td>2021: \$9.8 million</td> </tr> <tr> <td>State contribution:</td> <td>2020: \$8.3 million*</td> <td>2021: \$8.975 million*</td> </tr> </table> <p>*these are projected values, based on estimates of both final state revenue from RI's funding source as well as final claims data.</p>			Attachment point:	2020: \$40,000	2021: \$30,000	Cap:	2020: \$97,000	2021: \$72,000	Coinsurance:	2020: 50%*	2021: 50%*	Reinsurance claims payments :	2020: \$13.5 million*	2021: \$18.775 million*	Federal pass-through funds:	2020: \$5.2 million	2021: \$9.8 million	State contribution:	2020: \$8.3 million*	2021: \$8.975 million*
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<p><b>17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.</b></p> <p>No changes were made to State law that would impact the waiver.</p>																				

## Reinsurance Waiver Annual Report

<b>18. Report on spending:</b>		
	<b>Value</b>	<b>Comments (if applicable)</b>
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	N/A	
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	N/A	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	N/A	
d. Amount of state funding contribution to fully fund the program for the reporting year	N/A	
<p><b>19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.</b></p> <p>See answer for question 20.</p>		
<p><b>20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.</b></p> <p>Rhode Island's reinsurance program incorporates a low cap (\$97,000 in 2020, \$72,000 in 2021) and a low target coinsurance rate (50% for 2020 and 2021, lower for 2022) in part to ensure that carriers will continue to have a strong financial incentive to control cost. Rhode Island is still in the process of administering the first year of the program and has not yet analyzed 2020 claims data submissions from any carriers. In the future, if there's reason to believe that carriers are not adequately managing costs for care and utilization, Rhode Island will consider taking further steps to ensure they do so.</p>		
<p><b>21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.</b></p>		
	<b>Value</b>	<b>Comments (if applicable)</b>
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	N/A	

## Reinsurance Waiver Annual Report

b. Risk adjustment amount paid by HHS for those claims	N/A	
c. Reinsurance reconciliation (or true-up) amount applied	N/A	
<b>E. POST-AWARD FORUM</b>		
<b>22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?</b> <input checked="" type="radio"/> <b>Yes</b> <input type="radio"/> <b>No</b>		
<b>23. State website address where Post-Award Forum was advertised</b> www.healthsourceri.com and Secretary of State's Website ( <a href="https://opengov.sos.ri.gov/Common/DownloadMeetingFiles?FilePath=\Notices\6553\2020\364658.pdf">https://opengov.sos.ri.gov/Common/DownloadMeetingFiles?FilePath=\Notices\6553\2020\364658.pdf</a> )		
<b>24. Date Post-Award Forum took place</b> Jun 24, 2020		
<b>25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments.</b> Due to Covid-19, the meeting was held virtually via Zoom. The meeting notice was posted on the Secretary of State's website, HSRI's website, and sent out to relevant stakeholder groups via email newsletter. Closed captioning and other accommodations such as auxiliary aids were also provided. The forum had zero attendees other than HSRI employees and there was no public comment. Attached is the PowerPoint HSRI prepared for the forum.		
<b>26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)</b>  332Waiver_PostAwardForum_Deck_FINAL 6.24.20		
<b>F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION</b>		
<b>27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).</b> <input checked="" type="radio"/> <b>Yes</b> <input type="radio"/> <b>No</b>		
<b>28. Describe the state's implementation review process.</b>		

## Reinsurance Waiver Annual Report

**2021 Parameter Setting -** RI retained Wakely Consulting Group as our actuarial vendor to analyze the potential effects of a state-based reinsurance program on the individual Affordable Care Act (ACA) market and support the development of the 2021 reinsurance parameters. Parameter setting included analysis of enrollment, claims and premium data collected from issuers and HSRI. Carriers and the Office of Health Insurance Commissioner were included in the review process to confirm assumptions and methodology used by Wakely for parameter setting. Wakely provided a final report outlining assumptions and methodology (attached).

**Post Award Forum -** RI held a post award forum on June 24, 2020 as an opportunity for community partners and the public to learn about and comment on RI's 1332 Waiver. Due to Covid-19, the meeting was held virtually via Zoom. The meeting notice was posted on the Secretary of State's website, HSRI's website, and sent out to relevant stakeholder groups via email newsletter. Closed captioning and other accommodations such as auxiliary aids were also provided. The forum had zero attendees other than HSRI employees and there was no public comment.

**2021 Pass Through Report -** RI retained Wakely Consulting Group to analyze the effects of a state-based reinsurance program on the 2021 individual Affordable Care Act (ACA) market. In particular, Wakely was asked to estimate the effect of the 1332 reinsurance waiver on total premiums in the ACA individual market and impact to the Second Lowest Cost Silver Plan. Carriers and the Office of Health Insurance Commissioner were included in the review process to confirm assumptions and methodology used by Wakely. Wakely provided a final report outlining assumptions and methodology (attached).