

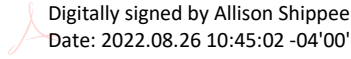
## Section 1332 of the Patient Protection and Affordable Care Act (PPACA) State Innovation Waivers - Reinsurance Waiver Annual Report

**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:

A. GRANTEE INFORMATION		
<b>1. Reporting Period End Date</b> December 31, 2021	<b>2. Report Due Date</b> August 26, 2022	<b>3. Report Submitted On (Date)</b> Aug 26, 2022
<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>		
Individual Market Data Elements for 2022 Pass Through Calculations 1332 Waiver Post Award Forum Deck Rhode Island BY2020 Payment Report Rhode Island Reinsurance 2022 Parameters Report		

# Reinsurance Waiver Annual Report

B. REPORT CERTIFICATION	
<b>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.</b>	
<b>11a. Typed or printed name and title of Authorized Certifying Official</b> Allison Shippee	
<b>11b. Signature of Authorized Certifying Official</b> Allison Shippee	
 Digitally signed by Allison Shippee Date: 2022.08.26 10:45:02 -04'00'	
<b>11c. Telephone (area code, number, and extension)</b> (401) 447-8953	
<b>11d. E-mail address</b> allison.shippee@exchange.ri.gov	
<b>11e. Date report submitted (month/day/year)</b> 8/26/2022	
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>	
<b>12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.</b> <b>2021 was Rhode Island's second year participating in the 1332 reinsurance waiver program. Over the course of 2021, HSRI continued to successfully work 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 2021 included:</b> <b>1. Completing our first reinsurance payment to carriers for 2020 claims. Activities included gathering and analyzing final claims data submitted by the carriers, determining final state funding levels, and transferring payments to carriers. Carrier payments were received December 27th, 2021.</b> <b>2. Recalculating the 2022 reinsurance parameters (Attachment Point, Coinsurance, and Cap) to account for lower than projected state revenue.</b> <b>3. Conducting the Annual Post-Award Forum online via Zoom on July 27th, 2021.</b> <b>4. Developing the Rhode Island Pass Through Report for plan year 2022 with carriers and Wakely Actuarial.</b>	
<b>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.</b>  <b>For 2021, there were not any implementation and/or operational challenges in meeting the 1332 statutory guardrails.</b>	

# Reinsurance Waiver Annual Report

--

## Reinsurance Waiver Annual Report

<b>D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u></b>		
<b>14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)</b>		
	<b>Value</b>	<b>Comments (if applicable)</b>
a. Actual individual market enrollment <b>on</b> the Exchange in the state	30,951	Reflects enrollment as of 12/31/2021 for PY2021.  Enrollment average for 2021: 31,205
Actual individual market enrollment <b>off</b> the Exchange in the state	10,691	Average off exchange for 2021.
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)	\$456.16	Premium average for 2021.
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)	\$540.64	Premium average for 2021.
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	\$273.32	Rhode Island only has one rating area.
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	\$292.02	Rhode Island only has one rating area.
d. <b>For states with State-based Exchanges</b> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	\$121,392,357	Rhode Island only has one rating area. Total for PY2021.
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	25,781	Total for PY2021

# Reinsurance Waiver Annual Report

	Value	Comments (if applicable)												
divided by 12 to provide an annualized measure.														
<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>As a result of lower than anticipated state revenue in 2020, the 2022 reinsurance parameters (Attachment Point, Coinsurance, and Cap) were recalculated.</p> <p>Due to this reduction, Wakely estimated that approximately \$13.6 million in total funds will be available for reinsurance payments for the 2022 benefit year. This is a reduction from the previously estimated \$17.9 million in total funding available.</p> <p>Accordingly, HealthSourceRI adjusted the reinsurance parameters (Attachment Point, Coinsurance, and Cap) for 2022 to:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">2022 Revised Parameter Options</th> <th style="text-align: center;">2022 Original</th> <th style="text-align: center;">2022 Revised</th> </tr> </thead> <tbody> <tr> <td>Attachment Point</td> <td style="text-align: center;">\$30,000</td> <td style="text-align: center;">\$30,000</td> </tr> <tr> <td>Cap</td> <td style="text-align: center;">\$68,500</td> <td style="text-align: center;">\$65,000</td> </tr> <tr> <td>Coinsurance Rate</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table>			2022 Revised Parameter Options	2022 Original	2022 Revised	Attachment Point	\$30,000	\$30,000	Cap	\$68,500	\$65,000	Coinsurance Rate	50%	40%
2022 Revised Parameter Options	2022 Original	2022 Revised												
Attachment Point	\$30,000	\$30,000												
Cap	\$68,500	\$65,000												
Coinsurance Rate	50%	40%												
<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>														
<p><b>18. Report on spending:</b></p>														
	Value	Comments (if applicable)												
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$5,239,671	For PY2020 Reinsurance Payments.  Expected for PY 2021: \$12,392,493												

## Reinsurance Waiver Annual Report

b. Amount of Federal pass-through funding spent on operation of the reinsurance program	NA	\$661,525 of state funding spent on operation of the program Expected for PY 2021: \$486,815 in state funding
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$12,392,493	This is the awarded amount for 2021, which will be transferred to carriers in late 2022.
d. Amount of state funding contribution to fully fund the program for the reporting year	\$6,240,437	Amount for PY2020 Reinsurance Payments. This represents state revenue from the state's funding source as of the calculation of reinsurance payments, inclusive of \$661,525 in administrative costs. Expected for PY 2021: \$6,823,609, including \$486,815 in admin costs.
<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>NA</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 (\$72,000 in 2021, \$65,000 in 2022) and a low target coinsurance rate (50% in 2021, 40% in 2022) in part to ensure that carriers will continue to have a strong financial incentive to control cost. 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. Additionally, the structure of RI's program (fixed total program size, variable coinsurance) means that carriers cannot reduce care and utilization management efforts without major financial risk to themselves. RI has not requested additional information from carriers specific to care management practices, but has had our actuaries review carrier data submissions for any abnormal claims information, and they have not found any issues.</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>

# Reinsurance Waiver Annual Report

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	NA	
b. Risk adjustment amount paid by HHS for those claims	NA	
c. Reinsurance reconciliation (or true-up) amount applied	NA	

## E. POST-AWARD FORUM

**22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?**  
 **Yes**  
 **No**

**23. State website address where Post-Award Forum was advertised**  
<https://healthsourceri.com/1332waiver/>

**24. Date Post-Award Forum took place**  
 July 27th, 2021

**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.**  
 The 2021 Post-Award Forum took place online via Zoom on July 27th, 2021. HSRI received permission to hold this forum on-line due to the COVID-19 Public Health Emergency.

Scott Keays, Strategy Director at HealthSource RI called the meeting to order and the attached presentation was presented. Mr. Keays opened it up for public comments and questions.

Q1: What would we need to do to take advantage of this waiver?

HSRI: Carriers can take advantage by participating in the program and being reimbursed. For customers, the waiver reduces premiums that carriers charge. Depending on the year, premiums in RI are 5-7% lower than they would be without the waiver. To take advantage of these lower premiums, you only need to sign up for coverage, either through HealthSource RI or through a carrier directly off-Exchange.

Q2: By lowering premiums, sometimes cost-sharing grows. Does the waiver address that?

HSRI: Not directly, this waiver is specific to premiums. The waiver works by reimbursing carriers for

# Reinsurance Waiver Annual Report

people with high-cost claims. So it does not cause a corresponding increase in cost-sharing, it just lowers premiums. For someone concerned about out-of-pocket costs, they could use the premium savings from the waiver to buy a plan that has a higher premium but lower cost-sharing.

Q3: How often are these forums?

HSRI: It's an annual forum, part of the requirements of having a waiver. This is our second annual forum.

Q4: Is there an expiration for the waiver?

HSRI: It's a 5 year waiver, so it would need to be renewed after 2024.

Q5: How has ARPA affected the need for reinsurance?

HSRI: We didn't know about ARPA when created. But since ARPA passed, we've gone back and adjusted our assumptions. The program is funded by the individual mandate penalty, so we expect lower revenue to the extent ARPA reduces the uninsured population.

In addition, the uninsured who enroll are expected to be healthier, which will have a lowering effect on premiums. Additionally, ARPA results in more people with subsidies, so the federal savings from the reinsurance program are larger, and the federal pass-through percent of total funding increases.

Q6: Will parameters need to be adjusted in future years after ARPA/COVID are done?

HSRI: We'll review the data that comes through. Current projections are based on 2020 data. We will incorporate best data and reasonable assumptions for future years, which will definitely include effects of ARPA.

No actions were required to be taken based on the comments received.

## 26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)

1332 Post Award Forum Presentation

## F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION

**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).**

Yes

No

**28. Describe the state's implementation review process.**

**2022 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 2022 reinsurance parameters. Parameter setting included analysis of enrollment, claims and premium data collected from issuers and HSRI. Carriers and the Office of Health**

## Reinsurance Waiver Annual Report

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). Please note, as stated above, these parameters were revised to account for lower than expected state mandate revenue.

Post Award Forum - RI held a post award forum on July 27th, 2021 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 six attendees other than HSRI employees. Public questions and HSRI answers can be found above.

2022 Pass Through Report - RI retained Wakely Consulting Group to analyze the effects of a state-based reinsurance program on the 2022 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).