

# 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 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

A. GRANTEE INFORMATION		
<b>1. Reporting Period End Date</b> <div style="font-size: 1.2em;">12/31/2023</div>	<b>2. Report Due Date</b> <div style="font-size: 1.2em;">3/31/2023</div>	<b>3. Report Submitted On (Date)</b> <div style="font-size: 1.2em;">3/30/2023</div>
<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. UEI Number</b> <div style="font-size: 1.2em;">US58NSDEBY75</div>	<b>6b. EIN</b> <div style="font-size: 1.2em;">056000522</div>
<b>7. Recipient Organization Name</b> <div style="font-size: 1.2em;">Executive Office of State of Rhode Island</div>		
<b>Address Line 1</b> <div style="font-size: 1.2em;">82 Smith St, Ste 217</div>		
<b>Address Line 2</b> 		
<b>Address Line 3</b> 		
<b>City</b> <div style="font-size: 1.2em;">Providence</div>	<b>State</b> <div style="font-size: 1.2em;">RI</div>	<b>ZIP Code</b> <div style="font-size: 1.2em;">02903</div>
<b>ZIP Extension</b> <div style="font-size: 1.2em;">1170</div>	<b>8. Grant Period Start Date</b> <div style="font-size: 1.2em;">01/01/2020</div>	<b>9. Grant Period End Date</b> <div style="font-size: 1.2em;">12/31/2024</div>
<b>10. Other Attachments (attach other documents as needed or as instructed by the awarding federal agency)</b> Individual Market Data Elements for 2023 Pass Through Calculations; 1332 Waiver Post Award Forum Deck; RI Reinsurance 2023 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>
<b>11c. Telephone (area code, number, and extension)</b> 401-447-8953
<b>11d. Email address</b> allison.shippee@exchange.ri.gov
<b>11e. Date report submitted (month/day/year)</b> 03/30/2023
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> 2022 was Rhode Island's third year participating in the 1332 reinsurance waiver program. Over the course of 2022, 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 for 2022 included: 1. Completing reinsurance payments to carriers for 2021 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 February 2023.) 2. Conducting the Annual Post-Award Forum in-person and online via Zoom on May 20th, 2022. 3. Developing the Rhode Island Pass Through Report for plan year 2023 with carriers and Wakely Actuarial.
<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> For 2022, there were not any implementation and/or operational challenges in meeting the 1332 statutory guardrails.

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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	29,013	EOY Enrollment-Dec. 2022 coverage. Average over whole year was 30,572.
Actual individual market enrollment <b>off</b> the Exchange in the state	10,130	Average off-exchange enrollment in 2022.
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)	\$479.61	Premium average for 2022
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)	\$551.19	Premium average for 2022
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	\$282.34	RI has only 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	297.08	RI has only 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	\$123,901,791	RI has only one rating area
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.	25,969	Average APTC enrollment for 2022.

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**15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.**

There was no impact of the waiver on the scope of benefits or Essential Health Benefits (EHB) benchmark.

**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.**

N/A

**17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.**

In 2022, RI's General Assembly enacted legislation that authorizes the exchange to operate an automatic enrollment program including 2 months of premium payments for Rhode Islanders terminated from Medicaid after 3/31/2023 as part of the return to regular operations. The first QHP enrollments in this program will be in June 2023.

**18. Report on spending:**

	Value	Comments (if applicable)
a. Amount of federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$9,733,677	For PY 2022 Reinsurance Payments
b. Amount of federal pass-through funding spent on operation of the reinsurance program	N/A	\$499,740 of state funding spent on operation of the reinsurance program for BY 2022.
c. Amount of any unspent balance of federal pass-through funding for the reporting year	\$10,758,472	This is the awarded amount for 2023, which will be paid to carriers in late 2024.
d. Amount of state funding contribution to fully fund the program for the reporting year	\$5,677,154	Amount for PY 2022 Reinsurance Payments. This represents state revenue from the state's funding source as the calculation of reinsurance payments, inclusive of \$499,740 in administrative costs.

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**19. If applicable, provide a claims breakout at an aggregate level for the top five conditions or cost drivers of the five conditions, including settings of care in the individual market.**

N/A

**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.**

Rhode Island's reinsurance program incorporates a low cap (\$65,000 in 2022, and \$61,500 in 2023) and a low target coinsurance rate (40% in 2022 and 2023) 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.

**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.**

	Value	Comments (if applicable)
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	
b. Risk adjustment amount paid by HHS for those claims	n/a	
c. Reinsurance reconciliation (or true-up) amount applied	n/a	

### 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/>

# Reinsurance Waiver Annual Report

## 24. Date Post-Award Forum took place

May 20th, 2022

## 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 2022 Post-Award Forum took place at 501 Wampanoag Trail, East Providence, RI, 02915 at HSRI's office. There was also an option to attend virtually via Zoom. John Cucco, Chief of Staff at HealthSource RI called the meeting to order and the attached presentation was presented. Mr. Cucco opened it up for public comments and questions.

• Q1: Is the program in RI also directed to small business owners?  
• HSRI answer: Our waiver only applies to the individual market.

• Q2: Are carriers who are submitting claims reporting that data submission is easy?

• HSRI Answer: We think so, we are about to get our second submission of final claims. We've answered carrier questions as they've come up to clarify/once process. We ask carriers for a preliminary report in February / for a final report not final numbers. Final claims report is due in July. We tried to

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

1332 Post Award Forum Presentation;  
2023 Pass-through Report

## 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.

2023 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 2023 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 May 20, 2022 as an opportunity for community partners and the public to learn about and comment on RI's 1332 Waiver. The meeting was held in-person at HSRI's office at 501 Wampanoag Trail in East Providence, RI 02915 and 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 two attendees other than HSRI employees. Public questions and HSRI answers can be found above.

2023 Pass Through Report - RI retained Wakely Consulting Group to analyze the effects of a state-based reinsurance program on the 2023 individual Affordable Care Act (ACA) market. 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).