

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		
1. Reporting Period End Date December 31, 2019	2. Report Due Date March 31, 2020	3. Report Submitted On (Date) March ,2020
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency SIWIW190007	6a. DUNS Number 8071980230000	6b. EIN 216000928
7. Recipient Organization Name New Jersey Department of Banking and Insurance		
Address Line 1 20 West State Street		
Address Line 2		
Address Line 3		
City Trenton	State New Jersey	Zip Code 08625
Zip Extension 0325	8. Grant Period Start Date January 1, 2019	9. Grant Period End Date December 31, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		
Reinsurance payment request table Enrollment report summary Second lowest cost silver information Management of Health Care Costs and Claims		

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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	Philip Gennace, Assistant Commissioner
11b. Signature of Authorized Certifying Official	
11c. Telephone (area code, number, and extension)	(609) 940-7610
11d. E-mail address	philip.gennace@dobi.nj.gov
11e. Date report submitted (month/day/year)	March , 2020
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>	
12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.	
As required by N.J.S.A. 17B:27A-10.4e of the Act, the Board collects reinsurance payment requests from individual market carriers on a quarterly basis.	
Recognizing that claims incurred during a plan year may not be paid until the following year, the Board requested that carriers also submit run-out information for reinsurance eligible claims. The attached table shows the requested amounts, by carrier.	
With millions of dollars requested as reinsurance payments, the Board and Department believe it is critical to ensure reinsurance payments are calculated based on appropriately paid claims. Therefore, an independent audit firm, WithumSmith+Brown, has been engaged by the State following a competitive bidding process, to evaluate the requested reinsurance payments from carriers. In anticipation of the commencement of the audit, carrier data was requested to facilitate the selection of statistically valid samples. Audit work commenced in early March 2020. The costs of the audits will be paid from the pass-through funding.	
All data collection uses Data Motion which is a secure file transfer portal.	

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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.

Not applicable.

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D. PROGRESS OF SECTION 1332 WAIVER - State-Specific		
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 on the Exchange in the state	223,685	Enrollment reported as of 1Q19; enrollment decreased each quarter to 196,025 as of 4Q19 See attached enrollment report summary.
Actual individual market enrollment off the Exchange in the state	91,679	Enrollment reported as of 1Q19; enrollment fluctuated each quarter with 4Q19 enrollment at 89,922. See attached enrollment report summary.
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$6,223.76	
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$6,141.97	
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	\$271.81; \$282.85; \$318.61	Varies by three groupings of counties. See attached.
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	\$323.44; \$332.76; \$378.98	Varies by three groupings of counties. See attached.
d. For states with State-based Exchanges , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year		

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	Value	Comments (if applicable)
<p>e. For states with State-based Exchanges, 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.</p>		
<p>15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark.</p> <p>No impact on benefits</p>		
<p>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.</p> <p>There were no changes to the approved payment parameters or eligibility criteria moving from plan year 2019 into plan year 2020.</p> <p>CMS determined that New Jersey's pass-through funding amount is \$180,201,687.00 for calendar year 2019 and \$190,004,396.00 for calendar year 2020. The Department and Board understand that pass-through funding is subject to final administrative determination by the Department of the Treasury prior to payment.</p> <p>The funding sources for the reinsurance program for plan years 2019 and 2020 are: pass-through funding, monies collected pursuant to P.L. 2018, c.31 which established a State shared responsibility tax, and appropriations from the General Fund.</p> <p>For all plan years the funding level is determined by the total reinsurance payments due to the carriers. For plan year 2019 the unaudited reinsurance payment requests are \$295,368,929.45. For 2019, the pass through funding is \$180,201,687.00. Therefore, the State will fund the difference from the monies collected from the shared responsibility payment and the general fund. For plan year 2020, the projected reinsurance payment requests are \$320,475,288.50.</p>		
<p>17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.</p> <p>Not applicable</p>		
<p>18. Report on spending:</p>		

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	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$0	As provided in P.L. 2018, c. 24, payments to carriers must be made by November 1 of the year following the applicable plan year. For plan year 2019, the payments will be made before November 1, 2020.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0	New Jersey expects to begin spending funds on the operation of the program during calendar year 2020.
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$180,201,687.00	
d. Amount of state funding contribution to fully fund the program for the reporting year	\$115,167,242.45	Estimate based on unaudited reinsurance payment requests including reinsurance-eligible run-out claims
<p>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.</p> <p>Not applicable; the reinsurance program is not condition-based.</p>		
<p>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.</p> <p>Not applicable.</p>		
<p>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.</p>		
	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		Not applicable

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b. Risk adjustment amount paid by HHS for those claims	Not applicable
c. Reinsurance reconciliation (or true-up) amount applied	Not applicable
E. POST-AWARD FORUM	
22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance? <input checked="" type="radio"/> Yes <input type="radio"/> No	
23. State website address where Post-Award Forum was advertised https://www.nj.gov/dobi/division_insurance/section1332/index.html	
24. Date Post-Award Forum took place June 11, 2019	
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. Other than members of the IHC Board (which has general oversight responsibility of the Reinsurance Program to which the 1332 Waiver applies), Board staff, and Department of Banking and Insurance representatives, there were no attendees at the Public Forum. Consequently, there were no questions or comments from the public, and no actions to be taken in response to concerns or comments.	
26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)	
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). <input checked="" type="radio"/> Yes <input type="radio"/> No	
28. Describe the state's implementation review process. Implementation review occurs on a weekly basis with the multiple elements evaluated and reported to the applicable operating areas and senior staff.	

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The review encompassed every phase of the implementation and included:

- 1) Pass-through funding determination
- 2) Collaboration with Treasury regarding the individual mandate and collection of the tax
- 3) Development of reporting forms for quarterly and annual reports
- 4) Method for secure file transfer and of Data Motion
- 5) Collection of quarterly and annual reports and summary reporting
drafting of scope of work for an audit firm (note the proposals and evaluation and selection occurred in 2020)
- 6) Evaluation of payment parameters for the second plan year, 2020
- 7) Discussion during open public meetings held by the Individual health Coverage Program Board