

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 Dec 31, 2020	2. Report Due Date Mar 31, 2021	3. Report Submitted On (Date) Mar 31, 2021
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 PO Box 325		
Address Line 3		
City Trenton	State New Jersey	Zip Code 08625
Zip Extension 0325	8. Grant Period Start Date Jan 1, 2019	9. Grant Period End Date Dec 31, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		
2020 Individual Market Enrollment Summary Second Lowest Cost Silver Plan Information Post-Award Forum Powerpoint		

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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)	Mar 31, 2021
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.	
Plan Year 2019	
As required by N.J.S.A. 17B:27A-10.4e of the Act, the Board collected reinsurance payment requests from individual market carriers on a quarterly basis. Carriers submitted reinsurance payment requests for 1Q19 - 4Q19 totaling \$ 242,878,749.91. Recognizing that claims incurred during a plan year may not be paid until the following year, the Board required that carriers also submit estimated run-out information for reinsurance eligible claims as part of the fourth quarter filing for 2019 and updated the run-out amounts as of September 30, 2020. Such reinsurance eligible run-outs totaled \$25,890,860.47. A small amount of claim payments for which reinsurance payments could be made remain outstanding, but such payment has not been and will not be made.	
The State engaged WithumSmith+Brown, following a competitive bidding process, to perform agreed-upon procedures (AUPs) with respect to the requested reinsurance payments. Work for plan year 2019 commenced in early March 2020 and concluded in October with final reports issued. The costs of the work were paid from the pass-through funding. As a result of the AUPs, an adjustment of \$295,847.78 was made to the carrier payments.	
New Jersey law required that plan year 2019 reinsurance payments be made to carriers no later than November 1,2020. The payments to carriers were completed by wire transfer on October 30, 2020. Payments, which included reinsurance-eligible run-out through September 30, 2020, and AUP adjustments, totaled \$267,724,523.38.	

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The required annual forum was scheduled for November 10, 2020 and notice of the virtual forum was posted at https://www.state.nj.us/dobi/division_insurance/section1332/index.html.

Plan Year 2020

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. Carriers have submitted reinsurance payment requests totaling \$255,844,081.04 for reinsurance eligible paid claims for 1Q - 4Q 2020.

Recognizing that claims incurred during a plan year may not be paid until the following year, the Board required that carriers also submit conservative run-out estimations for reinsurance eligible claims as part of the fourth quarter filing for 2020. Carriers estimated the run-out at \$50,810,288.26.

The engagement with WithumSmith+Brown to perform agreed-upon procedures with respect to the requested reinsurance payments remains in effect, and work commenced for plan year 2020 during the first quarter of 2021. The costs of the work are being paid from the pass-through funding.

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.

None noted

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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	221,695	enrollment measured at the end of 1Q20; quarterly reports are posted at https://www.state.nj.us/dobi/division_insurance/ihcseh/ihcsehenroll.html
Actual individual market enrollment off the Exchange in the state	94,885	enrollment measured at the end of 1Q20; quarterly enrollment reports are posted at https://www.state.nj.us/dobi/division_insurance/ihcseh/ihcsehenroll.html
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$6,497.73	Annual premium
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$6,284.79	Annual premium
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	\$304.40 \$311.05 \$328.87	Varies by county; see attachment
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	\$359.52 \$370.30 \$407.02	Varies by county; see attachment
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	N/A	

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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>	N/A	
<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>The waiver has had no impact on either the scope of benefits or the EHB benchmark.</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. For plan year 2021 the payment parameters were revised and are as follows: Attachment point: \$35,000.00 Coinsurance: 50% Reinsurance cap: \$245,000.00</p> <p>CMS determined that New Jersey's pass-through funding amount was \$180,201,687.00 for plan year 2019 and \$190,004,396.00 for plan 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 \$267,724,523.38 was paid. For 2019, the pass through funding was \$180,201,687.00. Therefore, the State funded the difference from the monies collected from the shared responsibility payment and the general fund. Based on projected revenues from the shared responsibility payment, an appropriation of \$77,000,000.00 from the general fund was requested and the appropriation was made. For plan year 2020, the reinsurance payment requests with estimated reinsurance eligible run-out total \$306,654,369.30. The pass-through funding amount is \$190,004,396.00 for plan year 2020. The State will fund the difference from the monies collected from the shared responsibility payment and the general fund.</p>		

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17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.		
No information at this time		
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	\$179,833,024.00	
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$368,663.00	Costs associated with agreed-upon procedures
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	0	
d. Amount of state funding contribution to fully fund the program for the reporting year	\$87,891,499.38	
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.		
N/A The New Jersey reinsurance program is not a condition-based program.		
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.		
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)

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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://www.state.nj.us/dobi/division_insurance/section1332/index.html

24. Date Post-Award Forum took place

The forum was scheduled to take place November 10, 2020.

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 forum, as advertised was a virtual forum that was expected to take place using Microsoft Teams. Anyone wishing to attend the virtual forum was invited to register. All persons who registered were going to be sent a link for the forum as well as the presentation. No registrations were received. Therefore, the forum did not take place. Accordingly, no comments were offered and no responses were required.

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

Powerpoint Presentation prepared for the Post-Award forum

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).

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Yes

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.

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) Collection of quarterly and annual reports and summary reporting**
- 4) Drafting of scope of work and awarding a contract for an audit firm (note the proposals, evaluation and selection occurred in 2020)**
- 5) Weekly status calls with the audit firm**
- 6) Evaluation of payment parameters for the third plan year, 2021**
- 7) Discussion during open public meetings held by the Individual Health Coverage Program Board**