

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
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SUMMARY REPORT ON TRANSITIONAL REINSURANCE PAYMENTS AND PERMANENT RISK ADJUSTMENT TRANSFERS FOR THE 2014 BENEFIT YEAR

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I. Highlights of the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2014 Benefit Year

- 99.7 percent of issuers who set up EDGE servers successfully submitted the data necessary to calculate reinsurance payments and risk adjustment transfers.
- *Transitional Reinsurance Program*
 - Our preliminary analysis of the transitional reinsurance program for the 2014 benefit year shows that the reinsurance program is working as intended – by providing protection to issuers with exceptionally high costs.
 - As announced on June 17, 2015, for the 2014 benefit year, reinsurance contributions exceeded the requests for reinsurance payments; therefore we have increased the coinsurance rate to 100 percent.¹
 - For the 2014 benefit year, over \$7.9 billion in reinsurance payments will be made to 437 issuers nationwide.
- *Permanent HHS Risk Adjustment Program*
 - Our preliminary analysis of the risk adjustment transfers for the 2014 benefit year shows that the risk adjustment methodology is working as intended – by compensating issuers that enrolled higher risk individuals and protecting against adverse selection within a market within a state. For example, we have found that:
 - Issuers that enrolled a large share of HIV/AIDS patients, whether because they offered more robust prescription drug coverage or contracted with the Ryan White Foundation, received risk adjustment payments;
 - Issuers that attracted more high-risk patients due to networks that include key specialty hospitals received risk adjustment payments;
 - Issuers that had a history of serving high risk individuals as the issuer of last resort and therefore enrolled a disproportionate number of expensive consumers received risk adjustment payments; and
 - Small plans with isolated cases of catastrophically ill individuals received risk adjustment payments.

II. Background

The Affordable Care Act establishes a transitional reinsurance program (in section 1341) and a permanent risk adjustment program (in section 1343), two of three premium stabilization programs, to provide payments to health insurance issuers that cover higher-cost and higher-risk populations to more evenly spread the financial risk borne by issuers and help stabilize premiums. Beginning with plan years that begin in 2014, the Affordable Care Act provides that non-grandfathered plans in the individual and small group markets can no longer discriminate against enrollees due to their health status. Individuals with pre-existing conditions or chronic illnesses generally can no longer be charged higher premiums by plans in these markets based on their health status.

¹Available at: <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/The-Transitional-Reinsurance-Program/Downloads/RI-Payments-National-Proration-Memo-With-Numbers-6-17-15.pdf>.

The reinsurance program, which started in the 2014 benefit year, is designed to provide issuers with greater payment stability, both for the Marketplace and outside of the Marketplace, as the insurance market reforms are implemented and the Marketplaces facilitate increased enrollment. The reinsurance program will help reduce the uncertainty of insurance risk in the individual market by partially offsetting issuers' claims associated with high-cost enrollees.

The risk adjustment program provides payments to health insurance issuers that attract high-risk enrollees, such as those with chronic conditions, reduces the incentives for issuers to avoid those enrollees, and lessens the potential influence of risk selection on the premiums that plans charge. The program therefore incentivizes issuers to provide coverage with an appropriate level of benefits and services at an affordable premium.

As described in the HHS Notice of Benefit and Payment Parameters for 2014 Final Rule (78 FR 15410), the risk adjustment methodology developed by the Department of Health and Human Services (HHS) is based on the premise that premiums should reflect the differences in plan benefits, quality, and efficiency – not the health status of the enrolled population. The HHS-developed risk adjustment methodology determines each plan's risk adjustment transfer amount based on the actuarial risk of enrollees, the actuarial value of coverage, utilization and the cost of doing business in local rating areas, and the effect of different cost-sharing levels on utilization. This methodology, which HHS applied in 49 states and the District of Columbia,² transfers funds from plans with low risk enrollees to plans with high risk enrollees.

Pursuant to 45 CFR 153.240(b)(1)(ii), today, HHS is making a report available to each issuer of a reinsurance-eligible plan that will include the issuer's total estimated reinsurance payment for the 2014 benefit year, calculated based on the reinsurance contributions HHS has already collected and the contributions that are scheduled to be collected by November 15, 2015, and reflecting the 2014 coinsurance rate of 100 percent. Pursuant to 45 CFR 153.310(e), HHS is also making a report available to each issuer of a risk adjustment covered plan that will include the issuer's risk adjustment payment or charge.³

In addition to the reports for issuers described above, HHS is publishing this report making publicly available certain summary data and issuer-specific data on the reinsurance and HHS risk adjustment programs for the 2014 benefit year.

We note that the risk adjustment transfer amounts and reinsurance payment amounts below do not reflect any payment or charge adjustments due to discrepancies or appeals or effects of sequestration.⁴ Additionally, data included in this report reflect amounts calculated based on the reinsurance payment parameters and risk adjustment methodology outlined in regulation (78 FR 15410 and 45 CFR Part

² Massachusetts operates its own risk adjustment program.

³ HHS will notify issuers through an announcement from <https://www.regtap.info/> when the reports will be available for download through the EDGE server management console.

⁴ As stated in the Patient Protection and Affordable Care Act; Exchange and Insurance Market Standards for 2015 and Beyond; Final Rule (79 FR 30257), the risk adjustment and reinsurance programs will be sequestered in fiscal year 2015. However, HHS, in coordination with the OMB, has determined that, pursuant to section 256(k)(6) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and the underlying authority for these programs, funds that are sequestered in fiscal year 2015 from the reinsurance and risk adjustment programs will become available for payment to issuers in fiscal year 2016 without further congressional action.

153) and is provided for informational purposes. These amounts do not constitute specific obligations of federal funds to any particular issuer or plan.

III. Transitional Reinsurance Program Summary Data

Table 1: Reinsurance Summary Data

| SUMMARY DATA ELEMENT | TOTALS |
|--|---|
| Number of Issuers with Enrollment in Reinsurance-Eligible Individual Market Plans, Nationwide | 484 |
| Number of Issuers Receiving Reinsurance Payments, Nationwide ⁵ | 437 |
| Dollar Value of 2014 Benefit Year Reinsurance Payment Requests | Approximately \$7.9 billion |
| Total 2014 Benefit Year Reinsurance Contributions Collected to Date | Approximately \$8.7 billion |
| Estimated 2014 Benefit Year Reinsurance Contributions to be Collected by or before November 15, 2015 for Use in Subsequent Years | Approximately \$1 billion |
| Uniform Payment Parameters for 2014 | \$45,000 attachment point, \$250,000 reinsurance cap and 100 percent coinsurance rate |

Note: In the Patient Protection and Affordable Care Act; Exchange and Insurance Market Standards for 2015 and Beyond; Final Rule (79 FR 30240), we state that if reinsurance contribution collections do not meet our projections, any contributions up to \$10 billion would be allocated to reinsurance payments for the 2014 benefit year. Therefore, any reinsurance contributions from 2014 not used to make payments this year will be used to make reinsurance payments for the next year.

⁵ Reinsurance-eligible issuers with enrollee(s) whose paid claims exceeded the \$45,000 attachment point threshold for reinsurance payments for the 2014 benefit year. This total also includes issuers in Connecticut receiving reinsurance payments.

IV. HHS Risk Adjustment Program Summary Data⁶

Table 2: HHS Risk Adjustment Program Summary Data⁷

| HHS RISK ADJUSTMENT TRANSFER CATEGORY | NUMBER OF ISSUERS WITH RISK ADJUSTMENT COVERED PLANS IN HHS RISK ADJUSTMENT⁸ |
|---|--|
| Total Number of Issuers Participating in HHS Risk Adjustment Transfers | 758 |
| Number of Issuers with Individual Non-Catastrophic Plans | 468 |
| Number of Issuers with Individual Catastrophic Plans | 291 |
| Number of Issuers with Small Group Plans | 628 |
| Number of Issuers in a Merged Market (Individual and Small Group) | 2 |

Table 3: National Average Enrollment Weighted Monthly Premium by Risk Pool⁹

| RISK POOL | NATIONAL AVERAGE ENROLLMENT WEIGHTED MONTHLY PREMIUM |
|--------------------------|---|
| Individual | \$356.62 |
| Small Group | \$441.48 |
| Catastrophic | \$155.20 |
| Merged | \$439.17 |
| National Average Premium | \$380.87 |

⁶ All data summarized in this report was calculated using 2014 EDGE Data. For the 2014 benefit, Massachusetts was the only state electing to operate a risk adjustment program. Data displayed for risk adjustment does not include Massachusetts.

⁷ The total of the three market risk pool groups on this table will not sum to the total issuers with risk adjustment transfer calculations because some issuers provided plans in multiple markets.

⁸ Plan counts for issuers with a default charge calculation are not included in counts for the market in which they are being assessed this charge. It also does not include issuers that participated in Massachusetts’s risk adjustment program.

⁹ Data includes only those issuers that successfully submitted data to the EDGE server as part of the HHS risk adjustment program. Premiums represent the average per member per month amount. They do not include any reduction in premiums due to Advanced Premium Tax Credits.

Table 4: HHS Risk Adjustment Absolute Value of Transfer Amounts as a Percent of Premium by Risk Pool

Table 4 illustrates the total percent of dollars that is expected to be transferred within each market by using the absolute value of net transfers for each issuer operating within the market risk pool. The percentages are calculated based on summation of the absolute value of net transfers for each issuer in a specific market risk pool. This means that for net charges (otherwise reported as negative) we included the absolute value in the equation, net payments are already positive. This amount is then divided by the total premium for the market risk pool, which is calculated as the sum of the products of plan average premium and the billable member months.

| RISK POOL | ABSOLUTE VALUE OF TRANSFER AMOUNTS AS A PERCENT OF PREMIUM¹⁰ |
|------------------|--|
| Individual | 10 percent |
| Small Group | 6 percent |
| Catastrophic | 21 percent |
| Merged | 2 percent |

¹⁰ Absolute value of net transfer charge or payment calculated at issuer level.

V. HHS Risk Adjustment Program State-Specific Data

*For the 2014 benefit, Massachusetts was the only state electing to operate a risk adjustment program. Therefore, Massachusetts is not reflected in Table 5 below. See Appendix A for a description of the calculations for State Average Premium, State Average Plan Liability Risk Score, State Average Allowable Rating Factor, and State Average Actuarial Value.

Table 5: Risk Adjustment State Averages

| STATE | RISK POOL | STATE AVERAGE MONTHLY PREMIUMS | STATE AVERAGE PLAN LIABILITY RISK SCORE | STATE AVERAGE ALLOWABLE RATING FACTOR | STATE AVERAGE ACTUARIAL VALUE |
|-------|--------------|--------------------------------|---|---------------------------------------|-------------------------------|
| AK | Catastrophic | \$225.62 | 0.359 | 1.033 | 0.570 |
| | Individual | \$503.08 | 1.563 | 1.616 | 0.678 |
| | Small Group | \$618.70 | 1.107 | 1.429 | 0.711 |
| AL | Catastrophic | \$161.62 | 0.573 | 1.162 | 0.570 |
| | Individual | \$312.71 | 1.626 | 1.531 | 0.709 |
| | Small Group | \$377.82 | 1.305 | 1.446 | 0.779 |
| AR | Catastrophic | \$139.73 | 0.178 | 1.022 | 0.570 |
| | Individual | \$359.79 | 1.809 | 1.518 | 0.701 |
| | Small Group | \$391.27 | 1.357 | 1.446 | 0.787 |
| AZ | Catastrophic | \$133.40 | 0.403 | 1.046 | 0.570 |
| | Individual | \$293.81 | 1.750 | 1.549 | 0.731 |
| | Small Group | \$337.41 | 1.124 | 1.359 | 0.751 |
| CA | Catastrophic | \$169.11 | 0.269 | 0.973 | 0.570 |
| | Individual | \$359.45 | 1.203 | 1.541 | 0.697 |
| | Small Group | \$406.29 | 1.062 | 1.365 | 0.771 |
| CO | Catastrophic | \$164.55 | 0.302 | 1.041 | 0.570 |
| | Individual | \$354.38 | 1.372 | 1.592 | 0.675 |
| | Small Group | \$422.92 | 0.998 | 1.369 | 0.722 |
| CT | Catastrophic | \$267.58 | 0.559 | 1.253 | 0.570 |
| | Individual | \$461.23 | 1.625 | 1.692 | 0.705 |
| | Small Group | \$477.66 | 1.172 | 1.430 | 0.728 |
| DC | Catastrophic | \$75.09 | 0.132 | 0.734 | 0.570 |
| | Individual | \$309.01 | 1.285 | 1.077 | 0.745 |
| | Small Group | \$421.17 | 1.178 | 1.035 | 0.830 |

| STATE | RISK POOL | STATE AVERAGE MONTHLY PREMIUMS | STATE AVERAGE PLAN LIABILITY RISK SCORE | STATE AVERAGE ALLOWABLE RATING FACTOR | STATE AVERAGE ACTUARIAL VALUE |
|-------|--------------|--------------------------------|---|---------------------------------------|-------------------------------|
| DE | Catastrophic | \$147.29 | 0.302 | 1.018 | 0.570 |
| | Individual | \$403.67 | 1.790 | 1.632 | 0.735 |
| | Small Group | \$497.65 | 1.192 | 1.422 | 0.764 |
| FL | Catastrophic | \$149.07 | 0.388 | 1.148 | 0.570 |
| | Individual | \$369.36 | 1.639 | 1.674 | 0.718 |
| | Small Group | \$454.05 | 1.271 | 1.458 | 0.748 |
| GA | Catastrophic | \$154.87 | 0.447 | 1.138 | 0.570 |
| | Individual | \$346.24 | 1.594 | 1.579 | 0.722 |
| | Small Group | \$417.60 | 1.245 | 1.416 | 0.729 |
| HI | Catastrophic | \$134.83 | 0.570 | 1.001 | 0.570 |
| | Individual | \$289.64 | 1.579 | 1.635 | 0.753 |
| | Small Group | \$387.45 | 1.498 | 1.463 | 0.891 |
| IA | Catastrophic | \$106.49 | 0.185 | 0.994 | 0.570 |
| | Individual | \$340.44 | 1.680 | 1.589 | 0.704 |
| | Small Group | \$358.51 | 1.247 | 1.409 | 0.768 |
| ID | Catastrophic | \$124.50 | 0.253 | 0.930 | 0.570 |
| | Individual | \$285.27 | 1.453 | 1.541 | 0.701 |
| | Small Group | \$350.06 | 1.194 | 1.389 | 0.761 |
| IL | Catastrophic | \$163.17 | 0.397 | 1.071 | 0.570 |
| | Individual | \$317.12 | 1.597 | 1.622 | 0.699 |
| | Small Group | \$460.40 | 1.415 | 1.428 | 0.780 |
| IN | Catastrophic | \$223.49 | 0.580 | 1.217 | 0.570 |
| | Individual | \$438.28 | 1.686 | 1.706 | 0.678 |
| | Small Group | \$458.74 | 1.222 | 1.447 | 0.723 |
| KS | Catastrophic | \$107.56 | 0.381 | 0.999 | 0.570 |
| | Individual | \$298.53 | 1.874 | 1.603 | 0.712 |
| | Small Group | \$360.41 | 1.289 | 1.394 | 0.773 |
| KY | Catastrophic | \$144.14 | 0.508 | 1.109 | 0.570 |
| | Individual | \$325.36 | 1.830 | 1.683 | 0.758 |
| | Small Group | \$379.77 | 1.292 | 1.423 | 0.746 |

| STATE | RISK POOL | STATE AVERAGE MONTHLY PREMIUMS | STATE AVERAGE PLAN LIABILITY RISK SCORE | STATE AVERAGE ALLOWABLE RATING FACTOR | STATE AVERAGE ACTUARIAL VALUE |
|-------|--------------|--------------------------------|---|---------------------------------------|-------------------------------|
| LA | Catastrophic | \$159.73 | 0.370 | 1.106 | 0.570 |
| | Individual | \$386.37 | 1.791 | 1.585 | 0.712 |
| | Small Group | \$392.88 | 1.265 | 1.391 | 0.771 |
| MD | Catastrophic | \$97.87 | 0.233 | 0.988 | 0.570 |
| | Individual | \$288.55 | 1.522 | 1.572 | 0.717 |
| | Small Group | \$420.24 | 1.114 | 1.402 | 0.737 |
| ME | Catastrophic | \$183.03 | 0.275 | 1.071 | 0.570 |
| | Individual | \$445.68 | 1.527 | 1.778 | 0.690 |
| | Small Group | \$367.17 | 0.980 | 1.479 | 0.679 |
| MI | Catastrophic | \$131.74 | 0.350 | 1.026 | 0.570 |
| | Individual | \$356.50 | 1.813 | 1.681 | 0.707 |
| | Small Group | \$417.61 | 1.273 | 1.398 | 0.812 |
| MN | Catastrophic | \$92.09 | 0.254 | 1.011 | 0.570 |
| | Individual | \$255.66 | 1.263 | 1.602 | 0.729 |
| | Small Group | \$401.52 | 1.148 | 1.456 | 0.757 |
| MO | Catastrophic | \$120.21 | 0.343 | 0.997 | 0.570 |
| | Individual | \$353.27 | 1.815 | 1.635 | 0.699 |
| | Small Group | \$424.50 | 1.354 | 1.431 | 0.761 |
| MS | Catastrophic | \$194.13 | 0.507 | 1.151 | 0.570 |
| | Individual | \$419.17 | 1.621 | 1.612 | 0.723 |
| | Small Group | \$391.53 | 1.129 | 1.405 | 0.749 |
| MT | Catastrophic | \$161.79 | 0.242 | 1.021 | 0.570 |
| | Individual | \$322.99 | 1.347 | 1.656 | 0.674 |
| | Small Group | \$385.66 | 1.037 | 1.397 | 0.743 |
| NC | Catastrophic | \$129.01 | 0.360 | 0.958 | 0.570 |
| | Individual | \$387.21 | 1.668 | 1.612 | 0.702 |
| | Small Group | \$467.44 | 1.227 | 1.465 | 0.756 |
| ND | Catastrophic | \$162.88 | 0.190 | 1.052 | 0.570 |
| | Individual | \$347.84 | 1.315 | 1.467 | 0.727 |
| | Small Group | \$381.65 | 1.035 | 1.273 | 0.827 |

| STATE | RISK POOL | STATE AVERAGE MONTHLY PREMIUMS | STATE AVERAGE PLAN LIABILITY RISK SCORE | STATE AVERAGE ALLOWABLE RATING FACTOR | STATE AVERAGE ACTUARIAL VALUE |
|-------|--------------|--------------------------------|---|---------------------------------------|-------------------------------|
| NE | Catastrophic | \$138.51 | 0.215 | 1.020 | 0.570 |
| | Individual | \$322.53 | 1.637 | 1.557 | 0.699 |
| | Small Group | \$352.79 | 1.215 | 1.391 | 0.788 |
| NH | Catastrophic | \$192.07 | 0.297 | 1.120 | 0.570 |
| | Individual | \$404.51 | 1.461 | 1.731 | 0.686 |
| | Small Group | \$488.84 | 1.183 | 1.464 | 0.752 |
| NJ | Catastrophic | \$192.48 | 0.318 | 1.226 | 0.570 |
| | Individual | \$575.12 | 1.472 | 1.568 | 0.707 |
| | Small Group | \$481.23 | 1.244 | 1.445 | 0.744 |
| NM | Catastrophic | \$108.97 | 0.175 | 0.943 | 0.570 |
| | Individual | \$319.51 | 1.514 | 1.665 | 0.702 |
| | Small Group | \$448.86 | 1.204 | 1.481 | 0.779 |
| NV | Catastrophic | \$185.53 | 0.518 | 1.103 | 0.570 |
| | Individual | \$354.44 | 1.769 | 1.615 | 0.722 |
| | Small Group | \$380.03 | 1.148 | 1.369 | 0.765 |
| NY | Catastrophic | \$189.40 | 0.173 | 0.999 | 0.570 |
| | Individual | \$430.97 | 1.691 | 0.991 | 0.739 |
| | Small Group | \$529.90 | 1.643 | 0.973 | 0.790 |
| OH | Catastrophic | \$153.42 | 0.397 | 1.061 | 0.570 |
| | Individual | \$381.98 | 1.770 | 1.701 | 0.698 |
| | Small Group | \$446.32 | 1.460 | 1.467 | 0.741 |
| OK | Catastrophic | \$134.18 | 0.337 | 1.023 | 0.570 |
| | Individual | \$284.42 | 1.885 | 1.616 | 0.691 |
| | Small Group | \$390.39 | 1.528 | 1.457 | 0.785 |
| OR | Catastrophic | \$112.38 | 0.181 | 1.024 | 0.570 |
| | Individual | \$297.79 | 1.462 | 1.629 | 0.694 |
| | Small Group | \$407.19 | 1.140 | 1.422 | 0.765 |
| PA | Catastrophic | \$143.84 | 0.367 | 1.095 | 0.570 |
| | Individual | \$343.40 | 1.900 | 1.717 | 0.734 |
| | Small Group | \$443.99 | 1.458 | 1.449 | 0.811 |

| STATE | RISK POOL | STATE AVERAGE MONTHLY PREMIUMS | STATE AVERAGE PLAN LIABILITY RISK SCORE | STATE AVERAGE ALLOWABLE RATING FACTOR | STATE AVERAGE ACTUARIAL VALUE |
|-------|--------------|--------------------------------|---|---------------------------------------|-------------------------------|
| RI | Catastrophic | \$167.38 | 0.324 | 1.124 | 0.570 |
| | Individual | \$366.74 | 1.648 | 1.667 | 0.700 |
| | Small Group | \$459.66 | 1.465 | 1.464 | 0.815 |
| SC | Catastrophic | \$140.68 | 0.224 | 0.967 | 0.570 |
| | Individual | \$370.58 | 1.704 | 1.684 | 0.702 |
| | Small Group | \$445.39 | 1.183 | 1.453 | 0.744 |
| SD | Catastrophic | \$159.75 | 0.455 | 0.963 | 0.570 |
| | Individual | \$332.16 | 1.618 | 1.469 | 0.702 |
| | Small Group | \$422.47 | 1.339 | 1.433 | 0.765 |
| TN | Catastrophic | \$144.56 | 0.559 | 1.172 | 0.570 |
| | Individual | \$290.15 | 1.958 | 1.674 | 0.702 |
| | Small Group | \$382.96 | 1.304 | 1.468 | 0.734 |
| TX | Catastrophic | \$155.57 | 0.568 | 1.095 | 0.570 |
| | Individual | \$321.38 | 1.682 | 1.577 | 0.694 |
| | Small Group | \$422.26 | 1.353 | 1.396 | 0.752 |
| UT | Catastrophic | \$119.05 | 0.388 | 1.261 | 0.570 |
| | Individual | \$260.30 | 1.470 | 1.621 | 0.717 |
| | Small Group | \$296.36 | 1.115 | 1.419 | 0.779 |
| VA | Catastrophic | \$142.53 | 0.316 | 1.072 | 0.570 |
| | Individual | \$340.49 | 1.533 | 1.567 | 0.697 |
| | Small Group | \$414.44 | 1.139 | 1.370 | 0.802 |
| VT | Catastrophic | \$204.45 | 0.246 | 0.999 | 0.570 |
| | Merged | \$439.17 | 1.462 | 0.981 | 0.739 |
| WA | Catastrophic | \$181.55 | 0.162 | 1.032 | 0.570 |
| | Individual | \$353.47 | 1.305 | 1.628 | 0.664 |
| | Small Group | \$437.74 | 1.202 | 1.454 | 0.761 |
| WV | Catastrophic | \$197.17 | 0.441 | 1.164 | 0.570 |
| | Individual | \$439.92 | 1.673 | 1.793 | 0.690 |
| | Small Group | \$463.03 | 1.331 | 1.433 | 0.757 |
| WI | Catastrophic | \$170.98 | 0.305 | 1.045 | 0.570 |

| STATE | RISK POOL | STATE AVERAGE MONTHLY PREMIUMS | STATE AVERAGE PLAN LIABILITY RISK SCORE | STATE AVERAGE ALLOWABLE RATING FACTOR | STATE AVERAGE ACTUARIAL VALUE |
|-------|--------------|--------------------------------|---|---------------------------------------|-------------------------------|
| | Individual | \$404.33 | 1.952 | 1.800 | 0.716 |
| | Small Group | \$471.61 | 1.281 | 1.453 | 0.746 |
| WY | Catastrophic | \$204.86 | 0.165 | 0.987 | 0.570 |
| | Individual | \$522.73 | 1.456 | 1.591 | 0.691 |
| | Small Group | \$481.10 | 1.064 | 1.366 | 0.712 |

VI. Risk Adjustment and Reinsurance Program Issuer-Specific Data

Below we set forth the 2014 reinsurance payment amounts and the HHS risk adjustment transfer amounts by issuer.

**Not Eligible:* Some of these issuers are not eligible for reinsurance payments because they have no 2014 enrollment in individual market health insurance plans or because they have no enrollment in reinsurance-eligible plans. A reinsurance-eligible plan is defined under 45 CFR 153.20, as any health insurance coverage offered in the individual market, except for grandfathered plans and health insurance coverage not required to submit reinsurance contributions. Similarly, some of these issuers have no 2014 enrollment in risk adjustment covered plans in one of the listed market segments. A risk adjustment covered plan is defined under 45 CFR 153.20, as any health insurance coverage offered in the individual or small group market with the exception of grandfathered health plans, group health insurance coverage described in 45 CFR 146.145(c), individual health insurance coverage described in 45 CFR 148.220, and any plan determined not to be a risk adjustment covered plan in the applicable federally certified risk adjustment methodology.

***For the 2014 benefit year, Connecticut was the only state electing to operate a reinsurance program. The issuers in this state are leveraging the EDGE server data submission process; therefore, to provide a comprehensive view of the transitional reinsurance program, we have included the reinsurance payment amount for Connecticut by issuer in Table 6 below.*

****For the 2014 benefit year, Massachusetts was the only state electing to operate a risk adjustment program. Therefore, in Table 6 below, we do not list any Massachusetts issuers’ risk adjustment transfer amounts. These issuers’ risk adjustment transfer amounts will be listed as “N/A – MA Issuer.”*

| HIOS ID | HIOS INPUTTED INSURANCE COMPANY NAME | STATE | REINSURANCE PAYMENT AMOUNT (OR NOT ELIGIBLE) | HHS RISK ADJUSTMENT TRANSFER AMOUNT (INDIVIDUAL MARKET, INCLUDING CATASTROPHIC) | HHS RISK ADJUSTMENT TRANSFERS AMOUNT (SMALL GROUP MARKET) |
|----------------|--|--------------|---|--|--|
| 20523 | Aetna Health of California Inc. | CA | Not Eligible | \$ | \$(23,489,767.02) |
| 40733 | Aetna Life Insurance Company | CA | Not Eligible | \$ | \$(1,519,853.96) |
| 27603 | Blue Cross of California(Anthem BC) | CA | \$401,126,393.31 | \$(181,692,588.01) | \$23,364,909.92 |
| 70285 | CA Physician's Service dba Blue Shield of CA | CA | \$363,050,264.53 | \$135,212,707.60 | \$13,755,875.29 |
| 47579 | Chinese Community Health Plan | CA | \$1,824,095.22 | \$(16,711,278.79) | \$(3,067,299.35) |
| 40025 | Cigna Health and Life Insurance Company | CA | \$21,440,171.45 | \$17,743,436.54 | \$ - |
| 99483 | CONTRA COSTA HEALTH PLAN | CA | \$2,293,366.91 | \$1,753,287.86 | \$ - |
| 84014 | County of Santa Clara | CA | \$440,556.13 | \$(318,460.38) | \$ - |
| 56887 | County of Ventura, dba Ventura County Health Care Plan | CA | Not Eligible | \$- | \$500,462.21 |
| 99110 | Health Net Life Insurance Company | CA | \$96,305,759.81 | \$53,801,059.26 | \$(1,149,328.11) |
| 67138 | Health Net of California, Inc. | CA | \$48,731,305.15 | \$(100,186,993.89) | \$(3,718,209.96) |
| 68744 | Humana Insurance Company | CA | Not Eligible | \$ | \$8,197.35 |
| 40513 | Kaiser Foundation Health Plan, Inc. | CA | \$240,031,290.84 | \$98,811,448.39 | \$(6,119,361.66) |
| 27330 | Kaiser Permanente Insurance Company | CA | Not Eligible | \$ | \$(178,446.96) |
| 92815 | Local Initiative Health Authority for Los Angeles County | CA | \$347,123.67 | \$(31,742,828.09) | \$ - |
| 18126 | MOLINA HEALTHCARE OF CALIFORNIA | CA | \$950,343.48 | \$(9,072,047.23) | \$ - |
| 92499 | Sharp Health Plan | CA | \$10,986,209.85 | \$10,432,568.53 | \$(953,791.37) |
| 64198 | Time Insurance Company | CA | \$45,901,082.37 | \$19,393,416.27 | \$ - |
| 35305 | Trustmark Life Insurance Company | CA | Not Eligible | \$ | \$(132,284.52) |
| 49116 | UHC of California | CA | Not Eligible | \$ | \$(2,215,283.01) |
| 95677 | UnitedHealthcare Insurance Company | CA | Not Eligible | \$ | \$4,029,609.65 |
| 93689 | Western Health Advantage | CA | \$5,847,162.74 | \$2,576,272.04 | \$884,571.67 |

VII. HHS Risk Adjustment Default Charge

Pursuant to 45 CFR 153.740(b), HHS will assess a default risk adjustment charge if an issuer of a risk adjustment covered plan fails to establish a dedicated distributed data environment (EDGE server) or fails to provide HHS with access to sufficient data such that HHS cannot apply the applicable federally certified risk adjustment methodology to calculate the risk adjustment payment transfer amount for the risk adjustment covered plan in a timely fashion.

The total risk adjustment default charge for a risk adjustment covered plan equals a per member per month (PMPM) amount multiplied by the plan’s enrollment – either provided by the issuer or sought from other reliable sources. The PMPM charge for a plan is equal to the product of the statewide average premium (expressed as a PMPM amount) for a risk pool and the 75th percentile plan risk transfer amount expressed as a percentage of the respective statewide average PMPM premiums for the risk pool. The nationwide percentile reflects only plans in states where HHS is operating the risk adjustment program and is calculated based on the absolute value of plan risk transfer amounts. The determined PMPM amount is then multiplied by a noncompliant plan’s enrollment, to establish the plan’s total default risk adjustment charge.

All compliant risk adjustment covered plans in the risk pool, in the market, in the state of at least one noncompliant issuer will receive a portion of the default charges collected from the noncompliant issuer(s). We allocate default charges collected from noncompliant plans in the risk pool/market/state among the compliant plans in the risk pool/market/state proportional to each compliant plan’s relative revenue requirement as calculated under the transfer formula relative to the market average of these products.

Table 8: HHS Risk Adjustment Default Charge Summary Data

| SUMMARY DATA ELEMENT | TOTALS |
|---|--------------|
| Number of Issuers with Default Charge | 10 |
| Percent of Issuers that Received Default Charge | 1.30 percent |

Table 9: Default Risk Adjustment Charge¹²

| STATE | HIOS ID | INSURANCE COMPANY NAME RECEIVING RISK ADJUSTMENT DEFAULT CHARGE | DEFAULT RISK ADJUSTMENT CHARGE AMOUNT |
|-------|---------|---|---------------------------------------|
| AZ | 70904 | WMI Mutual Insurance Company | \$(502.38) |

¹² One Company, SeeChange is being assessed a default charge in the California and Colorado markets; however amounts are not noted here due to insolvency.

| | | | |
|----|-------|------------------------------------|------------------|
| AZ | 97667 | Cigna HealthCare of Arizona, Inc. | \$(35,103.55) |
| CA | 64210 | Sutter Health Plan | \$(637,766.94) |
| CA | 79325 | GEMCare Health Plan, Inc. | \$(176,867.65) |
| MD | 72564 | Evergreen Health Cooperative, Inc. | \$(2,391,588.16) |
| MT | 45632 | WMI Mutual Insurance Company | \$(23,758.28) |
| NV | 42313 | WMI Mutual Insurance Company | \$(1,343.86) |
| UT | 80043 | WMI Mutual Insurance Company | \$(65,802.25) |

Table 10: Default Risk Adjustment Charge by Risk Pool

| RISK POOL | NATIONAL PERCENT OF PREMIUM |
|-------------------------------|------------------------------------|
| Individual – Non Catastrophic | 31 percent |
| Catastrophic | 32 percent |
| Small | 19 percent |
| Merged – Non Catastrophic | 28 percent |

| STATE | HIOS ID | INSURANCE COMPANY NAME RECEIVING PAYMENT FROM RISK ADJUSTMENT CHARGE | DEFAULT RISK ADJUSTMENT ALLOCATION AMOUNT |
|-------|---------|--|---|
| CA | 20523 | Aetna Health of California Inc. | \$38,476.84 |
| CA | 40733 | Aetna Life Insurance Company | \$20,609.25 |
| CA | 27603 | Blue Cross of California(Anthem BC) | \$166,136.75 |
| CA | 70285 | CA Physician's Service dba Blue Shield of CA | \$166,485.35 |
| CA | 47579 | Chinese Community Health Plan | \$3,624.19 |
| CA | 40025 | Cigna Health and Life Insurance Company | \$1,166.68 |
| CA | 99483 | CONTRA COSTA HEALTH PLAN | \$146.71 |
| CA | 84014 | County of Santa Clara | \$154.22 |
| CA | 56887 | County of Ventura, dba Ventura County Health Care Plan | \$625.12 |
| CA | 99110 | Health Net Life Insurance Company | \$57,969.17 |
| CA | 67138 | Health Net of California, Inc | \$28,864.18 |
| CA | 68744 | Humana Insurance Company | \$20.04 |
| CA | 40513 | Kaiser Foundation Health Plan, Inc. | \$271,878.96 |
| CA | 27330 | Kaiser Permanente Insurance Company | \$238.32 |
| CA | 92815 | Local Initiative Health Authority for Los Angeles County | \$825.78 |

| STATE | HIOS ID | INSURANCE COMPANY NAME RECEIVING PAYMENT FROM RISK ADJUSTMENT CHARGE | DEFAULT RISK ADJUSTMENT ALLOCATION AMOUNT |
|-------|---------|--|---|
| CA | 18126 | MOLINA HEALTHCARE OF CALIFORNIA | \$301.72 |
| CA | 92499 | Sharp Health Plan | \$6,057.42 |
| CA | 64198 | Time Insurance Company | \$2,563.43 |
| CA | 35305 | Trustmark Life Insurance Company | \$66.08 |
| CA | 49116 | UHC of California | \$15,655.96 |
| CA | 95677 | UnitedHealthcare Insurance Company | \$17,427.60 |
| CA | 93689 | Western Health Advantage | \$15,340.70 |

¹³ Due to insolvency, SeeChange default charge amounts in the California and Colorado markets are not reflected in the allocation amounts on this table for issuers operating in those respective markets

Appendix A: Description of Table 5 Calculated Columns

| | |
|--|---|
| <p>State Average Premium</p> | <p>The state market risk pool plan average premium is part of the risk adjustment transfer formula and is the sum of all plan enrollments multiplied by the plan’s average premium for the risk pool market in a state. The state average premium is weighted by plan share of statewide enrollment in the risk pool.</p> |
| <p>State Average Plan Liability Risk Score (PLRS)</p> | <p>The state average PLRS is calculated as the summed products of PLRS and billable member months for all plans within the state market risk pool divided by total billable months for all plans within the state market risk pool.</p> |
| <p>State Average Allowable Rating Factor (ARF) for Affordable Care Act Rated States</p> | <p>The state average ARF is calculated as the summed products of ARF and billable member months for the plans within the state market risk pool divided by total billable member months for all plans in the state market risk pool.</p> |
| <p>State Average Actuarial Value (AV)</p> | <p>The state average AV is calculated as the summed products of AV and billable member months for the plans within the market risk pool divided by the total billable member months within the state market risk pool. AV corresponds with metal and catastrophic tiers as follows:</p> <ul style="list-style-type: none"> *Catastrophic: 0.57 *Bronze: 0.60 *Silver: 0.70 *Gold: 0.80 *Platinum: 0.90 |