



VCU Medical Center

Office of Health Innovation

Proposed Rule – HHS Notice of Benefit and Payment Parameters for 2015

Description: This proposed rule sets forth payment parameters and oversight provisions related to the risk adjustment, reinsurance, and risk corridors programs; cost-sharing parameters and cost-sharing reductions; and user fees for Federally-facilitated Exchanges. It also proposes additional standards with respect to composite rating, privacy and security of personally identifiable information, the annual open enrollment period for 2015, the actuarial value calculator, the annual limitation in cost sharing for stand-alone dental plans, the meaningful difference standard for qualified health plans offered through a Federally-facilitated Exchange, patient safety standards for issuers of qualified health plans, and the Small Business Health Options Program.

Citation: 78 FR 72321

Publish Date: December 2, 2013

Comments Due: December 26, 2013

Effective Date: N/A

Major Provisions

Modifications to the 2014 Premium Stabilization Programs

- Reinsurance Program
 - Earlier regulations provided that the reinsurance program would reimburse insurers in the individual market for 80 percent of the cost of enrollee's claims that exceeded an attachment point of \$60,000, up to a cap of \$250,000.
 - This notice lowers the attachment point from \$60,000 to \$45,000, noting that the pool of covered individuals is likely to be smaller and higher-risk than initially anticipated.
- Risk Corridor Program
 - The risk corridor program will not apply to 2013 plans renewed in 2014 under President Obama's "administrative fix" (allowing many Americans to keep otherwise non-ACA compliant health plans through 2014), as it only applies to plans subject to the 2014 reforms.

Premium Stabilization Programs for 2015

- Risk Adjustment
 - The Proposed Notice sets the user fee to fund the federal risk adjustment program at \$1.00 per enrollee in a risk adjustment covered plan per year.
 - This fee is set to cover program costs other than personnel costs.
 - The 2015 risk adjustment program will use the same methodology as the 2014 program with a few changes:
 - In states where Medicaid benefits are provided through the exchange, an induced utilization multiplier of 1.12 will be applied to Medicaid-funded enrollees to reflect the fact that their minimal cost sharing will result in higher utilization.

- The Notice proposes to use state counting methods for 2015 for determining whether an employer is a small employer for purposes of risk adjustment program participation, but will require part-time employees to be counted as full-time equivalents regardless of whether a state will count them or not.
- Transitional Reinsurance
 - The Proposed Notice would exempt from reinsurance contributions self-insured, self-administered plans.
 - HHS proposes that, for 2015, the reinsurance program would cover 50 percent of the portion of an individual market enrollee's costs paid by the issuer for claims exceeding a \$70,000 attachment point (up from the proposed \$45,000 in 2014) up to a reinsurance cap of \$250,000.
- Risk Corridors
 - HHS proposes to closely align data submissions, data validation, audit provisions, and sanctions in the risk corridors and medical loss ratio (MLR) programs.
 - HHS proposes to use its civil money penalty authority to address noncompliance by insurers in all states, regardless of whether a state operates its own exchange.