

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 26, 2021
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency SIWIW180004-01-00	6a. DUNS Number 809387467	6b. EIN 92-6001185
7. Recipient Organization Name Alaska Department of Commerce, Community and Economic Development		
Address Line 1 Division of Insurance		
Address Line 2 P.O. Box 110805		
Address Line 3		
City Juneau	State AK	Zip Code 99811
Zip Extension 0805	8. Grant Period Start Date Jan 1, 2018	9. Grant Period End Date Dec 31, 2022
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		

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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

Anna Latham

11b. Signature of Authorized Certifying Official



11c. Telephone (area code, number, and extension)

(907) 465-2518

11d. E-mail address

anna.latham@alaska.gov

11e. Date report submitted (month/day/year)

Mar 26, 2021

C. PROGRESS OF SECTION 1332 WAIVER - General

12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program.

On January 10, 2020 the division received the pass-through funding estimate for 2020, which was \$76,695,421. On April 3, 2020 the division received the final administrative determination for 2020 pass-through funding from CMS and the Department of Treasury: \$76,699,460 for calendar year 2020.

The division drafted a 2020 grant agreement with ACHIA, which was signed by both parties February 27, 2020. Two amendments to the Grant Agreement between ACHIA and DOI were drafted and signed in the second quarter. The first amendment provided the final pass-through funding amount received from CMS and Treasury. The second amendment to the grant agreement added the 34th eligible high cost condition to the ARP plus additional funding in response to the Covid-19 pandemic emergency.

The fourth quarter 2019 payment request in the amount of \$19,551,500 was paid March 5, 2020. The annual report was submitted timely on March 24, 2020.

On March 25, 2020, the Division of Insurance adopted, as an emergency regulation, changes to 3 AAC 31 of the Alaska Administrative Code dealing with covered conditions for Alaska's Comprehensive Health Insurance Association (ACHIA) Reinsurance Program, adding cardio-respiratory failure and shock as a covered condition in response to the Covid-19 pandemic emergency. The director added \$6,500,000 to the Alaska Reinsurance Program (ARP) to the total program costs for CY2020 to cover anticipated costs related to the emergency. The division could not identify a rate change attributed specifically to the addition of this condition. There is a greater impact to the rates because of the increased funding to the

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ARP (approximately 1.4%).

The Post-Award public forum was held June 16, 2020 from 9:00 - 10:00 am Alaska Time. See Item #25 of this report for more information.

The Division of Insurance worked with Oliver Wyman to prepare Alaska's 1332 Waiver Reinsurance Pass-through Funding Report for calendar year 2021. The report was timely submitted to CMS September 15, 2020. The Division responded to follow-up information requested from the federal agency. On February 25, 2021, the Division received an estimate of \$78,442,889 for the pass-through funding associated with this waiver for calendar year 2021.

The Division received the first quarter distribution request from the Alaska Reinsurance Program in the amount of \$2,472,008 on July 28, 2020. On September 22, 2020 the Division received a grant distribution request for second quarter operations from the Alaska Reinsurance Program in the amount of \$16,804,192. The third quarter request in the amount of \$20,842,390 was received February 18, 2021.

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.

N/A

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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	16,031	December 2020 enrollment (per March 2021 data call). Note since Alaska is a FFE, CMS to have better data.
Actual individual market enrollment off the Exchange in the state	1,177	January 2020
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$729.24	Average for 2020
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$665.74	Average for 2020
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	i. Area 1 - \$554 Area 1 - \$549 ii. Area 2 - \$582 Area 2 - \$577 iii. Area 3 - \$563	Rating areas 1 and 2 are split into two areas due to marketing restrictions by one of the carriers.
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	i. Area 1 - \$881 Area 1 - \$873 ii. Area 2 - \$926 Area 2 - \$918 iii. Area 3 - \$840	Rating areas 1 and 2 are split into two areas due to marketing restrictions by one of the carriers.
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	N/A
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.	N/A	N/A

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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.

The waiver impacts the cost of health care premiums, but does not impact the components of the EHB benchmark. The EHB benchmark plan is not modified in any way by the 1332 waiver.

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.

There have been no changes to eligibility or payment parameters, but the funding level for 2020 was funded at \$69,000,000 plus an added \$6,500,000 to respond to the covid-19 pandemic emergency for a total funding amount of \$75,500,000.

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

There were no changes to state law relevant to the program during calendar year 2020.

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	\$75,500,000	
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	0	
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$1,199,460	
d. Amount of state funding contribution to fully fund the program for the reporting year	0	

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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.

For a claims breakout for the top 5 conditions, including settings of care, see attachment. Not all claims for the 4th HCC were Covid-19-related and we found no evidence of reclassification.

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.

Given that the program is capped, there is an inherent incentive for providers and plan issuers to treat enrollees as if they are not in the reinsurance pool in order to stay within the budget.

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	2,681,706	
b. Risk adjustment amount paid by HHS for those claims	2,681,706	
c. Reinsurance reconciliation (or true-up) amount applied	2,681,706	

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.commerce.alaska.gov/web/ins/>

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24. Date Post-Award Forum took place

June 16, 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.

Notice for the annual Section 1332 Innovation Waiver public forum scheduled for June 16, 2020 was posted to the State of Alaska Online Public Notice System website May 11, 2020. The Division of Insurance (DOI) created the opportunity for the public to submit written comments. Two written comments were received during the reporting period.

The public forum was held June 16, 2020 from 9:00 - 10:00 am Alaska Time. Due to the Covid-19 pandemic emergency, the forum was conducted via teleconference only. DOI Deputy Director Anna Latham provided an overview of the program and its history. ACHIA Executive Director Cecil Bykerk called in. Also in attendance from the DOI were Alida Bus, Healthcare Program Coordinator, Sarah Bailey, Life and Health Supervisor and Jackson Willard, Regulations Specialist. The Division received two letters of support from Moda Assurance Company (May 19, 2020) and Alaska State Hospital and Nursing Home Association (May 26, 2020). No action was taken in response to these 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).

Yes

No

28. Describe the state's implementation review process.

The Division completed internal risk assessment matrices as well as incorporating language into its grant agreement with pass-through entity ACHIA.