

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 12/31/2020	2. Report Due Date 03/31/2021	3. Report Submitted On (Date) 04/16/2021
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency	6a. DUNS Number 809398084	6b. EIN 1516000279
7. Recipient Organization Name The State of Delaware, Delaware Department of Health and Social Services (DHSS)		
Address Line 1 Herman M. Holloway Sr. Health and Social Services Campus		
Address Line 2 1901 N. DuPont Highway		
Address Line 3		
City New Castle	State DE	Zip Code 19720
Zip Extension	8. Grant Period Start Date 01/01/2021	9. Grant Period End Date 12/31/2024
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		

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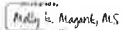
B. REPORT CERTIFICATION

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

Molly K. Magarik, Cabinet Secretary

11b. Signature of Authorized Certifying Official

 Molly K. Magarik, MS

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

(302) 255-9039

11d. E-mail address

molly.magarik@delaware.gov

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

4/16/2021 | 1:02 PM EDT

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.

Calendar Year 2020 Activities and Highlights

- **01/03/20** an Intergovernmental Agreement between CMS and DHSS/Delaware Health Care Commission (DHCC) was executed. Per the agreement, CMS will calculate reinsurance payments to issuers participating in the State of Delaware's reinsurance program under Delaware's State Innovation Waiver.
- **04/2020** a contract was finalized between the DHSS/DHCC and Oliver Wyman Actuarial Consulting, Inc. to provide actuary support for Delaware's reinsurance program.
- In Q2 of 2020 the DHSS/DHCC worked closely with Oliver Wyman Actuarial Consulting, Inc. and Delaware's leadership team at the Department of Insurance to set the 2021 payment parameters. The parameters were also discussed with the issuer on Delaware's exchange, Highmark Blue Cross Blue Shield Delaware. The parameters were formally announced at the Public Forum and are set as follows:
 - o Attachment point: \$65,000
 - o Coinsurance rate: 80%
 - o Reinsurance cap: \$335,000
- **06/22/2020** the DHSS/DHCC hosted a virtual Public Forum to provide the public an opportunity to give meaningful comment on the progress of the Section 1332 Waiver.
- **09/2020** Delaware worked closely with Oliver Wyman Actuarial Consulting, Inc to obtain Highmark's 2021 Delaware Individual ACA rate filing: Finalized 2021 Individual ACA rate tables and an un-redacted version of the DE 2021 Individual ACA rate filing, including the actuarial memorandum and URRT. This

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information was utilized to complete the CMS Pass-Through Funding Report

- 09/2020 a contract was finalized between DHSS/DHCC and JP Consulting to provide policy support for the Reinsurance Program.
- Throughout 2020, Delaware corresponded with 1332 counterparts in Maryland and Colorado. Items discussed included the public forum, the potential impact of COVID to the reinsurance program, and the process for issuing payments to issuers.

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 - <u>State-Specific</u>		
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	22,079	Monthly average for calendar year 2020
Actual individual market enrollment off the Exchange in the state	3,374	Monthly average for calendar year 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)	\$666.85	Calendar year 2020
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$614.40	Calendar year 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	\$428.67	Calendar year 2020
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	\$497.16	Calendar year 2020
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.

Affirmed that the DE State Innovation Waiver to Establish a State Reinsurance Program did not modify the scope of benefits or Essential Health Benefits incorporated within the State's benchmark plan.

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.

Delaware's House Bill 193 (HB 193) was passed on 06/20/2019 and established the state-based reinsurance program and funding source for the program. Per HB 193, the reinsurance program will be funded with federal pass-through funds and a 2.75% annual assessment based on each insurance carrier's premium that is subject to state premium tax. In the event Congress reinstates the Health Insurance Providers Fee defined under §9010 of the ACA for a particular calendar year, the annual assessment is reduced to 1.00% of each insurance carrier's premium that is subject to state premium tax. For plan year 2020, the assessment was equal to 1.00%; for plan year 2021 the assessment will be equal to 2.75%.

The 2021 parameters were formally announced at the 06/22/2020 Public Forum and are set as follows:

- o Attachment point: \$65,000
- o Coinsurance rate: 80%
- o Reinsurance cap: \$335,000

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

N/A

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	N/A	DHSS/DHCC has not issued a payment to issuer. The first claim payment to issuer is scheduled for 07/2021 and will be based on the amount determined by the EDGE

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		Server.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	As of 04/06/2021, amount of federal pass-through spent is \$32,256.35.	Amount spent that was reported on the annual FFR through 12/31/2020 was \$29,956.25.
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$21,602,647.00 as of 04/06/2021	
d. Amount of state funding contribution to fully fund the program for the reporting year	\$7,774,679.86	As of 04/06/2021, no money has been spent.
<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 available at this time. In Q3, DHSS/DHCC requires that issuers submit additional information on reinsurance-claims eligible enrollees across acute, chronic, and COVID-19 related claims. 2021 Issuer letter attached.</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 available at this time. In Q3, DHSS/DHCC is requiring that issuers submit additional information on reinsurance-claims eligible enrollees across acute, chronic, and COVID-19 related claims. DHSS/DHCC may take additional steps to set incentive structures, etc. following review of the issuer report. 2021 Issuer Letter attached.</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	N/A	
b. Risk adjustment amount paid by HHS for those claims	N/A	

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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? <input checked="" type="radio"/> Yes <input type="radio"/> No		
23. State website address where Post-Award Forum was advertised https://publicmeetings.delaware.gov/#/meeting/66067		
24. Date Post-Award Forum took place June 22, 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. <p>On June 22, 2020, Delaware hosted a virtual Public Forum in accordance to the Specific Terms and Conditions for the State of Delaware’s Patient Protection and Affordable Care Act section 1332 State Innovation Waiver. The Public Forum was an opportunity for the public to provide meaningful comment on the progress of the waiver. The Forum was virtual because of the State’s COVID-19 restrictions on large group gatherings. The event was advertised on the State of Delaware’s Public Meeting Calendar.</p> <p>During the Forum, background information was provided about Delaware’s 1332 waiver application that was submitted to the U.S. Department of Health and Human Services on July 18, 2019 and approved August 20, 2019. The Forum highlighted that the reinsurance program reduced member premiums in the individual market by approximately 13.8% in 2020 relative to if a reinsurance program were not in place. The 2021 anticipated payment parameters were announced as well.</p> <p>After the presentation, the conference line was open for questions. There were no questions from the attendees. DHSS/DHCC announced written comments would be accepted until June 26, 2020 to DHCC@delaware.gov. No written comments were received. The forum was attended by less than 10 participants. After the Forum, the PowerPoint presentation was posted on the DHCC website, https://dhss.delaware.gov/dhss/dhcc/reinsur1332waiver.html.</p>		
26. Other Attachments (attach other documents as needed pertaining to Post-Award Form) Post-Award Forum is posted on the DHCC website: https://dhss.delaware.gov/dhss/dhcc/files/depublicforumfinal_06222020.pdf		

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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.

On a periodic basis the state requires that participating issuers submit enrollee data for the proper implementation of the State Reinsurance Program Waiver. These data calls ensure that reinsurance parameters are set in alignment with expectations under the waiver.

**Section 1332 of the Patient Protection and Affordable Care Act (PPACA)
State Innovation Waivers – Reinsurance Waiver Annual Report**

**Delaware's 2020 Annual Report
Supplemental Information**

Question# 14: The below table provides detail on 2020 plan year enrollment.

Table 1. Delaware – 2020 Individual Market Enrollment On/Off-Marketplace

Indicator	Data	Proportion (%)
On-Exchange Enrollment	22,512	86.6%
<i>On-Exchange Enrollment w/ APTC</i>	19,223	74.1%
<i>On-Exchange Enrollment no APTC</i>	3,289	12.7%
Off-Exchange Enrollment	3,430	13.2%
Total Enrollment	25,928	100%



Date: May 24, 2021

From: The Delaware Health Care Commission

To: Highmark Blue Cross Blue Shield Delaware

Title: FINAL 2021 Letter to Issuer Participating in the State Reinsurance Program

The Delaware Health Care Commission (“DHCC”) releases this 2021 Letter to Issuer Participating in the State Reinsurance Program (“Letter”) to provide Highmark Blue Cross Blue Shield Delaware (“Issuer”) with operational guidance on meeting State Reinsurance Program (“SRP”) requirements for the 2021 calendar year. Under 16 *Del. C.* § 9903 et seq, the DHCC has statutory authority over the administration and operation of the SRP.

In 2019, Delaware established the SRP, under a State Innovation Waiver, to foment premium stability in the individual market. The SRP is attributed with helping to reduce individual market premiums by 19% in 2020 and 1% in 2021.

In addition to the contents of this Letter, the Issuer should refer to SRP governing regulations under 23 *DE Reg.* 455 to ensure compliance with SRP requirements.

SECTION 1: STATE REINSURANCE PROGRAM PROCESS STANDARDS

To support SRP operations under the State Innovation Waiver, the DHCC receives administrative assistance from the Centers for Medicaid & Medicare Services (“CMS”) with the determination of claims payment under established program parameters for a given year. The scope of CMS’ administrative support also includes the execution of the HCRP/SRI command along a set schedule during the plan year.

Under SRP operations, issuers must submit claims data to their EDGE Servers for the determination of payable claims. As such, issuers are expected to maintain the same claims data accuracy, timeliness, and completeness standards set under 45 CFR 153.700 – 153.730 and all relevant HHS Guidance/Technical Instruction, including CMS-EDGE Server Interface Control Document – Risk Adjustment and Reinsurance Addendum.

New in 2021, issuers participating in the SRP shall submit claims periodicity information to the DHCC in a form and manner set by the DHCC. Specifically, the issuer shall submit:

- The date through which claims submitted to the issuer’s EDGE Server have been included in the HCRP/SRI command
- The date through which claims submitted to the issuer’s EDGE Server are final and complete

Such information shall be submitted to the DHCC no later than one week following the execution of the HCRP/SRI command to the issuer’s EDGE Server by CMS.¹ The submission of the issuer’s claim periodicity information will supplement DHCC oversight of the SRP including:

- The accrual of the issuer’s payable reinsurance claims under the program parameters
- Monitoring of expected program payments and estimated revenues into the SRP fund collected under the health insurance assessment in 18 *Del. C. § 8703 et seq.* Annotated Code of DE.

SECTION 2: 2021 STATE REINSURANCE PROGRAM SCHEDULE

Important dates for the State Reinsurance Program for the 2021 calendar year may be found in Table 1. The dates included in Table 1 are subject to modification by the DHCC. Should any dates be shifted, the DHCC will provide written notice to the Issuer.

Table 1. 2021 State Reinsurance Program Schedule^{2 3}

Date	Entity	Event	SRP Year
March 1, 2021	Issuer	Premium assessment under 18 <i>Del. C. § 8703 et seq.</i> paid by applicable health insurance carriers to the Department of Insurance.	2020
March 1, 2021	DHCC	DHCC submits 2021 SRP parameters to CMS for administrative support services.	2021
March 3, 2021	DHCC	DHCC provides data call requirements to the issuer to gather data for determining 2022 SRP parameters for 2022	2022
March 12, 2021	Issuer	Issuer provides data requested in data call	2022
March 31, 2021	Issuer	Issuer interim report “ <i>containing de-identified data from the prior benefit year with claims paid by February 28th, and an estimate of claims payments still outstanding</i> ” submitted to DHCC. (23 DE Reg. 455 4.4.1 - 4.4.4)	2020
April 1, 2021	Treasury	DHCC receipt of <i>passthrough</i> funds for the 2021 SRP year.	2021

¹ https://www.regtap.info/uploads/library/2020_EDGE_Command_Deployment_Timeline_5CR_113020.pdf

² <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Delaware-1332-Waiver-Application-July-10-2019.pdf>

³ <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Proposed-Key-Dates-Table-for-CY2021.pdf>

May 2021	DHCC	Engagement with the issuer to gather feedback on preliminary 2022 parameter modeling results	2022
May 2021	CMS	Final SRI summary reports sent to DHCC after completion of final commands and reports.	2020
May 2021	DHCC	Set estimated program parameters for the 2022 State Reinsurance Program.	2022
June 2021	DHCC	State Innovation Waiver Public Forum	2021
June – August 2021	Issuer	Rate review submission and approval per CMS and DOI requirements	2021
June 30, 2021	CMS	2020 Final RA Summary Report	2020
<i>Not later than July 31, 2021</i>	DHCC	DHCC reimburses issuers for eligible claims from the 2020 plan year	2020
September 30, 2021	Issuer	Submission of <i>2020 State Reinsurance Program Report</i>	2020
October 4-5, 2021	CMS	CMS releases certification notice to issuers and states	2022
November 1, 2021	Issuer	2022 Open Enrollment begins	2022

SECTION 3: COLLECTION OF THE ASSESSMENT UNDER 18 Del. C. § 8703 et seq.

Issuers offering health benefit plans subject to the assessment under 16 *Del. C. § 9903 et seq* are expected to follow all applicable guidance issued by the Department of Insurance. The most recent guidance is available at the Department of Insurance website [here](#). (Reissued as of December 3, 2020.)

SECTION 4: ISSUER REINSURANCE CLAIM SUBMISSION NOTICE TO DHCC [23 DE Reg. 455 4.0]

To initiate the 2020 reinsurance claims payment process under the SRP issuers shall submit formal notice to the DHCC that all applicable 2020 claims have been submitted to their EDGE Server and that all claims are accurate, complete, and compliant with all applicable standards under federal and state rule. The issuer notice shall request that DHCC process the issuer’s submitted reinsurance claims under the applicable 2020 SRP parameters. Further, issuers shall incorporate the information in Table 2 within their Reinsurance Claims Submission Notice to the DHCC.

Table 2. Issuer Reinsurance Claim Submission Notice Requirements⁴

Citation	Requirement
23 DE Reg. 455 4.1.1	The name and company code assigned to the reinsurance eligible issuer by the National Association of Insurance Commissioners

⁴ <https://regulations.delaware.gov/register/december2019/final/23%20DE%20Reg%20455%2012-01-19.htm>

23 DE Reg. 455 4.1.2	The identification number assigned to the reinsurance eligible issuer by the DHCC
23 DE Reg. 455 4.1.3	The total amount of the reinsurance eligible issuer's reinsurance eligible claims for the benefit year
23 DE Reg. 455 4.1.4	The portion of the reinsurance eligible issuer's total reinsurance eligible claims for the benefit year that fall between the attachment point and reinsurance cap
23 DE Reg. 455 4.1.7	An attestation signed by an executive officer of the reinsurance eligible issuer stating that the information is accurate as of the date of submission
23 DE Reg. 455 4.4	Carriers must return and incorporate an attestation that they meet the submission and data requirements of the State Reinsurance Program through their participation in CMS EDGE Server. Issuers may submit the Federal Attestation in place of this requirement.

Issuers shall submit their notice to DHCC two weeks following issuer receipt of the CMS Risk Adjustment Command Deployment Report or, July 7, 2021, whichever occurs earlier. Note, any delay in notice submissions could affect the timely payment of claims under the SRP.

SECTION 5: THE 2020 STATE REINSURANCE PROGRAM REPORT

The DHCC requests that the issuer submits a 2020 State Reinsurance Program Report that will provide summary information on the population with SRP eligible claims experience. Further, the DHCC requests that the report be made publicly available. Table 3 details requirements for the 2020 State Reinsurance Program Report.

Table 3. 2020 State Reinsurance Program Report Requirements.

Requirement	Description
Characteristics of issuer population with SRP-eligible claims experience	<p>The issuer shall provide:</p> <ul style="list-style-type: none"> - The proportion of SRP-eligible claims attributed to: <ol style="list-style-type: none"> 1. Acute/emergency care episode 2. Chronic Conditions 3. COVID-19 Related Claims - The proportion of the population with SRP-eligible claims: <ol style="list-style-type: none"> 1. Experienced an acute/emergency episode with claims costs that met SRP program parameters 2. With a chronic condition 3. With claims primarily driven by COVID-19 care - The dollar amount (\$) of SRP payments received by the issuer attributed to: <ol style="list-style-type: none"> 1. Acute/emergency care episode 2. Care for chronic conditions

Requirement	Description
	<p data-bbox="602 268 922 296">3. COVID-19 related care</p> <ul style="list-style-type: none"> <li data-bbox="509 342 1377 407">- The proportion of the population with SRP-eligible claims stratified by: <ol style="list-style-type: none"> <li data-bbox="602 417 987 445">1. On-Exchange/Off-Exchange <li data-bbox="602 455 1263 520">2. Metal Level (include Silver Cost-Sharing Reduction Variants) <li data-bbox="602 531 1370 558">3. Age Category (0 – 18, 19 – 35, 36 – 45, 46 – 55, & 56 – 65+)
<p data-bbox="224 567 475 808">Characteristics of issuer population with SRP-eligible claims experience primarily attributed to care for a chronic condition</p>	<p data-bbox="509 567 808 594">The issuer shall provide:</p> <ul style="list-style-type: none"> <li data-bbox="509 604 1295 669">- The proportion of the five most prevalent chronic conditions within the SRP-claims eligible population <li data-bbox="509 680 1284 779">- The proportion, across the populations identified above, participating in a care management program that facilitates coordination in the treatment of chronic disease

The DHCC shall issue technical guidance to the issuer to ensure comprehensive understanding of report requirements, definition of terminology, and structure. Issuer shall submit the 2020 State Reinsurance Program Report no later than September 30, 2021.