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**Date:** August 10, 2017

**Title:** Information on Risk Adjustment Methodology and Rate Filing Deadlines

**Question:** What changes will be made to the risk adjustment methodology to account for recent rating practices that assume issuers of silver-level QHPs facing increased liability for enrollees in cost-sharing reduction plan variations?

**Answer:** At this time, there have been no changes regarding HHS's ability to make cost-sharing reduction payments to issuers. The HHS risk adjustment methodology currently assumes that plans that provide cost-sharing reductions receive compensating cost-based payments from the Federal government. Many state departments of insurance (DOIs) have permitted issuers to increase rates for their silver metal level plans for the 2018 benefit year in order to account for uncompensated liability that issuers may face for cost-sharing reductions provided to eligible insured individuals. As a result, CMS intends to propose a modification to the HHS risk adjustment methodology in future rulemaking for states in which all marketplace issuers increase silver metal plan rates to account for cost-sharing reduction payments in this manner.

The HHS risk adjustment methodology currently assumes that plan liability for cost-sharing plan variations reflects actuarial value of 70 percent. We intend to propose adjustments to the methodology for the individual market to reflect the assumption of greater plan liability in states that make this rating change. Beginning for the 2018 benefit year, we intend to propose to apply the platinum metal tier risk adjustment model coefficients for the 87 percent and 94 percent cost-sharing reduction plan variants. For the risk adjustment transfer formula, we intend to propose considering the 87 percent and 94 percent silver plan variants (as well as the limited cost-sharing and zero cost-sharing variants) to have plan metal level actuarial values of 0.9 in order to account for the higher relative actuarial risk associated with these plans. We would also propose to apply the platinum level induced demand factor of 1.15 for these same variants in the transfer formula. Additionally, we would propose to not apply the CSR adjustment factors to the risk score calculations for enrollment periods beginning on and after January 1, 2018, because the platinum plan coefficients already account for the induced utilization associated with the platinum level of benefit. We would propose to continue to use the silver model coefficients and transfer formula factors for enrollees in 73 percent CSR plan variations and treat these as basic silver plans. We would propose to apply this policy to all risk adjustment covered issuers in the individual market in States where HHS operates risk adjustment.

**Question: Given these requests from the States, will CMS provide further flexibility on filing deadlines to permit issuers to account for these rating changes?**

**Answer:** Yes, in order to provide consistency to such requests, the updated filing deadlines for single risk pool coverage are set forth below. All applicable parts of the Rate Filing Justification should be submitted as outlined in Table 1, including the Unified Rate Review Template (URRT), the Actuarial Memorandum and, if any of the plans have a rate increase of 10 percent or more, the Consumer Justification Narrative. These new timelines do not apply to standalone dental plan (SADP) issuers.

**Table 1: Timeline for Single Risk Pool Rate Filing Changes**

<b>Activity</b>	<b>Dates</b>
<b>Issuers submit modified 2018 rate filings (QHPs and non-QHPs) to state or CMS</b>	9/5/17
<b>States and CMS review modified QHP 2018 rate filings</b>	9/6/17 – 9/19/17
<b>States or CMS submit final determinations on 2018 QHP rate filings to URR module in HIOS</b>	9/20/17
<b>States and CMS submit final determinations on 2018 non-QHP only rate filings to URR module in HIOS</b>	10/6/2017
<b>Target date for CMS to post all final rate filing information (QHPs and non-QHPs) on <a href="https://ratereview.healthcare.gov">https://ratereview.healthcare.gov</a></b>	11/1/2017

If a state chooses to not allow issuers in their state to modify their 2018 rate filings, we request that the state inform CMS no later than September 5, 2017 by emailing [RateReview@cms.hhs.gov](mailto:RateReview@cms.hhs.gov).

QHP issuers offering plans through the Federally-facilitated Exchange (FFE) and State-based Exchanges utilizing the Federal platform (SBE-FP) should transfer plan data in accordance with the QHP data change submission deadlines specified in Table 2. Issuers applying for QHP certification in FFEs may submit their revised 2018 rates table template to HIOS during an initial window between 8:00 am Eastern Time (ET) on September 1, 2017 and September 6, 2017 at 6:00 pm ET. Issuers applying for QHP certification in FFEs performing plan management functions and SBE-FPs may submit their 2018 modified rates table template in SERFF, and states should transfer the 2018 modified rates table template by September 6, 2017 at 12:01 pm ET. Issuers that submit revised rate data during this window will be able to view their updated rates in QHP Plan Preview and identify any needed corrections prior to the submission of final QHP rates table templates. CMS will review 2018 modified rates table templates between September 7, 2017 and September 15, 2017. CMS will send correction notices, if applicable, only to QHP issuers that made changes during the window on September 19, 2017. CMS will conduct a second window between 8:00 am ET September 21, 2017 and September 25, 2017 at 6:00 pm ET, which is the final window during which issuers may submit revised 2018 rates table templates. FFE states

performing plan management functions and SBE-FP states may transfer revised data between 8:00 am ET September 21, 2017 and September 25, 2017 at 12:01 pm ET. These new timelines do not apply to stand alone dental plan (SADP) issuers. Issuers may only make changes to the 2018 QHP rates table template, and may not make changes to any other QHP templates unless directed to do so by CMS.

**Table 2: Timeline for QHP Data Changes**

<b>Activity</b>	<b>Date(s)</b>
<b>Deadline for issuer changes to entire QHP Application, except rates table template</b>	8/16/17
<b>Initial window to submit revised 2018 rates table templates</b>	9/1/17-9/6/17
<b>CMS reviews revised 2018 rates table templates</b>	9/7/17-9/15/17
<b>CMS sends revised 2018 rates notices to issuers and states</b>	9/19/17
<b>Final window to submit revised QHP 2018 rates table templates</b>	9/21/17 – 9/25/17
<b>Deadline for issuer submission of finalized QHP rates table templates</b>	9/25/17
<b>Issuers send signed Agreements, confirmed plan lists and final Plan Crosswalks to CMS</b>	9/16/17 – 9/27/17
<b>States provide 2018 plan confirmation recommendations to CMS</b>	9/27/17
<b>Open Enrollment begins</b>	11/1/2017