Notice of Benefit and Payment Parameters for 2020 & the 2020 Letter to Issuers in the Federally-facilitated Exchanges

Discussion of Key Changes Related to Exchanges, Health Plan Regulation and QHP Certification

May 1, 2019

PCG Health

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Agenda

Notable Highlights

The Centers for Medicare & Medicaid Services released the final Exchange guidance for 2020 on April 18, 2019 including:

- Final Notice of Benefit and Payment Parameters for 2020 (NBPP)
- 2020 Letter to Issuers in the Federally-facilitated Exchanges (Letter)

CMS has also released ancillary guidance including:

- 2020 AV Calculator Methodology
- 2020 Actuarial Value Calculator
- Rate Filing Justifications for the 2019 Filing Year
- Key Dates for Calendar Year 2019
- 2018 Benefit Year Cost-sharing Reduction (CSR) Reconciliation

CMS's stated goals with the guidance are:

- Maintaining a stable regulatory environment;
- Reducing regulatory burdens and providing issuers and states with greater flexibility;
- Increased transparency
- Enhancing the role of states;
- Empowering consumers; and
- Improving affordability.

Notable Highlights

Major Changes

- **Premium adjustment percentage calculations:** CMS finalized changes to the methodology that impacts APTC and catastrophic plan eligibility, cost-sharing limits, and CSRs.
- **Prescription drug coverage:** CMS finalized changes relative to the treatment of manufacturer coupons, but opted to not finalize most large scale drug reforms.
- **Direct Enrollment:** CMS finalized the standardization of the rules for DE entities.

Areas for Potential Future Policymaking

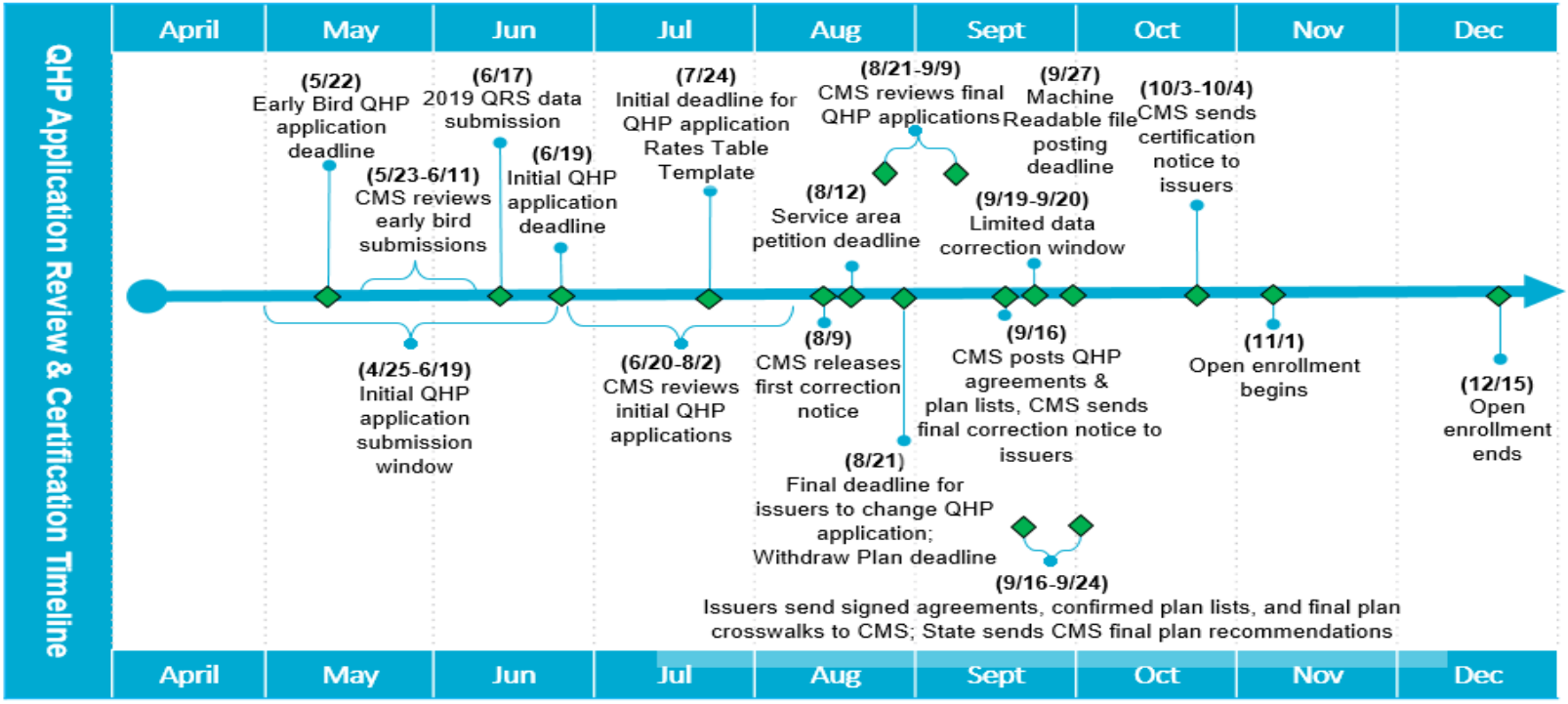
- **Mirror Plans:** CMS did not finalize the proposal that issuers offering coverage for non-Hyde abortion services must also offer a mirror plan excluding that coverage on the Exchange. CMS is considering finalizing this proposal in future rulemaking that would take effect no sooner than the 2021 benefit year.
- **Mid-Year Formulary Changes**: CMS declined to finalize its proposal to allow issuers to make formulary changes during the plan year when a generic becomes newly available. CMS noted that it intends to continue examining this issue and may provide further guidance in the future.
    - CMS is also considering policies relative to reference-based pricing and substitutions.
- **Silver-loading**: CMS is considering limiting Silver-loading if CSRs remain unfunded (not to go into effect prior to 2021).
- **Re-enrollment**: CMS is considering changes to the process, to go into effect in 2021 or later.
- **Transparency and information for consumers**: CMS is considering options for supporting.

QHP Application and Review

The certification standards are largely unchanged from last year's guidance, including network adequacy review, State and Federal division of responsibilities for ensuring certification standards, the suite of federal review tools, and quality reporting requirements.

CMS is introducing the option of "early bird" submissions.

Final QHP review timeline for 2020:



Rate Review & User Fees

Rate Review Timeline

Rate Review Timeline for 2020:

Activity	Date
Submission deadline for issuers in a state without an Effective Rate Review Program to submit proposed rate filing justifications for single risk pool coverage into the URR module of HIOS.	6/3/19
Submission deadline for issuers in a state with an Effective Rate Review Program to submit proposed rate filing justifications for single risk pool coverage into the URR module of HIOS.	7/24/19
Target date on which CMS will post preliminary rate changes.	8/1/19
Deadline for all rate filing justifications for single risk pool coverage that includes a QHP to be in a final status in the URR system.	8/21/19
Deadline for all rate filing justifications for single risk pool coverage that includes only non-QHPs to be in a final status in the URR system.	10/15/19
Target date on which CMS will post all final rate changes.	11/1/19

User Fees

CMS reduced user fees for 2020 due to estimated premium increases and lower projected enrollment.

- FFE issuers: CMS reduced the user fee to 3% (from 3.5%) of premiums based on FFE sales in 2020.
- SBE-FPs issuers: CMS reduced the user fee to 2.5% (from 3%) of premiums based on SBE-FP sales.

Cost Sharing

CMS introduced a new measure – premium changes in the individual market – for calculating premium growth and the premium adjustment percentage, which is used to set maximum out-of-pocket (MOOP) cost-sharing limits. This resulted in a 3.16% increase to the MOOP for 2020.

Annual cost sharing limits for 2020:

	2019		2020	
	Self-Only	Other than Self-Only	Self-Only	Other than Self-Only
Maximum Annual Limit on Cost Sharing	$7,900	$15,800	$8,150	$16,300
Reduced Annual Limit on Cost Sharing for Individuals between 100% and 150% of the Federal Poverty Level (FPL)	$2,600	$5,200	$2,700	$5,400
Reduced Annual Limit on Cost Sharing for Individuals between 150% and 200% of the FPL	$2,600	$5,200	$2,700	$5,400
Reduced Annual Limit on Cost Sharing for Individuals between 200% and 250% of the FPL	$6,300	$12,600	$6,550	$13,000

Prescription Drug Coverage

CMS had proposed changes aimed at improving access to lower cost drugs, and allowing issuers to better respond to developments in the pharmaceutical market. However, based on comments received, it declined to finalize most of such proposals for 2020:

Manufacturer Coupons: CMS finalized the provision that allows issuers to exclude cost sharing paid for with manufacturer coupons from the MOOP and deductible if there is a generic available.

- However, CMS declined to finalize the proposed change to drive consumers towards generics by allowing issuers to consider brand name drugs not an EHB if an equivalent generic is available and, therefore, to exclude the increased cost sharing for those brand name drugs from the MOOP.

Formulary Changes: Due to comments indicating many states are already allowing mid-year formulary changes, CMS declined to finalize a Federal standard for such changes, including the proposed notice requirement.

- Many states already have notice requirements and filing standards that allow for changes that benefit consumers in particular.

Essential Health Benefits (EHBs) and Small Business Health Options Program (SHOP)

After significant overhaul of EHBs, the benchmark plan selection process and SHOPs in last year's guidance, CMS finalized minor changes for 2020:

EHB

- **Deadlines for State Benchmark Plans & Insurer Substitutions**
  - CMS specified deadlines for selection of new benchmarks:
    - May 6, 2019 for PY 2021
    - May 8, 2020 for PY 2022
  - The same deadlines apply to notifying CMS if the state will allow substitutions across EHB categories
- **Non-Discrimination**
  - CMS is encouraging issuers to cover all four Medication Assisted Treatment (MAT) drugs, even if they are not on a State's EHB benchmark.

SHOP

- CMS finalized the change to allow "lean" SHOPs to operate toll-free hotlines rather than fully-equipped call centers.

Other Topics Addressed

CMS finalized changes to several other topics addressed by the regulations and guidance outside of the EHBs and QHP Certification process.

- **Risk Adjustment**
  - Finalized changes to the data used and pricing adjustment to the Hepatitis C prescription drug category in the Risk Adjustment model for PY2020 to mitigate over-prescribing incentives
  - Finalized changes to process for data validation of issuer data
  - State flexibility requests for a reduction to RA transfers are due August 1st of the calendar year that is two years prior to the applicable benefit year for PY 2021 and beyond
  - Increased RA user fee to $2.16 per billable member per year
  - Will make a limited data set available for certain uses

Other Topics Addressed

- **Enrollment, Brokers and Consumer Assistance**
  - Created a new Special Enrollment Period for individuals enrolled in *off-Exchange* plans who become newly eligible for APTCs
  - Finalized changes to Direct Enrollment (DE) that streamline and make more uniform rules applying to DE entities and strengthened some standards
  - Eliminated the post-enrollment requirements for Navigators and Certified Application Counselors
  - Did not finalize the proposal to allow Navigators and Certified Application Counselors to assist consumers applying for coverage through web-based broker sites
- **Hardship Exemptions and Required Contribution Percentage**
  - Allowing general hardship exemptions to be claimed through tax filing process for 2018 instead of through Exchanges
  - Amended the required contribution percentage for determinations of affordability to 8.24 percent based on the final premium adjustment percentage for 2020 (relative to eligibility for catastrophic plans).

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Be sure to visit the **Health Policy News** blog to view the in-depth summary of the final Exchange guidance for 2020.

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