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HEALTH ISSUES

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CMS Issues Proposed HHS Notice of Benefit and Payment Parameters for 2021

The Centers for Medicare & Medicaid Services (CMS) issued the proposed annual Notice of Benefit and Payment Parameters for the 2021 benefit year.

Noted in the CMS fact sheet, the proposed rule would:

- Maintain the user fee rate at 3.0 percent of premiums for the Federally Facilitated Exchange (FFE) and the user free rate at 2.5 percent of premiums for a state-based Exchange on the Federal platform (SBE-FP);
- Promote the adoption of value-based insurance plan designs for qualified health plan (QHP) issuers;
- Revise the treatment of drug manufacturer coupons by:
    - Allowing issuers to count toward the annual limitation on cost sharing amounts paid toward reducing out-of-pocket costs any form of direct support offered by drug manufactures to enrollees for specific prescription drugs;
    - Redefining cost sharing to exclude expenditures covered by drug manufacturer coupons.
- Amend Medical Loss Ratio (MLR) regulations to:
    - Deduct prescription drug rebates from incurred claims under Medical Loss Ratio regulations;
    - Implement reporting standards for issuer's expenses on outsourced services, including pharmacy benefit managers (PBMs), to reflect the full benefit of prescription drug rebates;
    - Include wellness incentives in the individual market as quality improvement activity expenses in the MLR calculation.
- Require states to notify the Department of Health and Human Services (HHS) of any state-required benefits applicable to QHPs in the individual and/or small group market that are considered in addition to the essential health benefits (EHB) provided under the ACA;
- Make changes to rules regarding special enrollment periods (SEPs) including:
    - Allowing silver plan enrollees and their dependents change their QHP;
    - Allow qualifying non-dependent household members to enroll in a plan with the dependent during a SEP;
    - Shorten the time between the enrollment date and the effective date of an enrollee's plan;
    - Revert to the single retroactive rule, allowing an enrollee to pay one month's premium and only receive prospective coverage under a plan with a retroactive effective date;
    - Allow individuals on an employer provided non-calendar year plan to qualify for the existing SEP.

- Modify the application of HHS-risk adjustment data validation (RADV) adjustments in cases where an issuer's hierarchical condition category (HCC) count is low;
- Increases the maximum annual limitation on cost sharing to $8,550 for self-only coverage and $17,100 for other than self-only coverage, up 4.9 percent from the 2020 parameters of $8,150 for self-only coverage and $16,300 for other than self-only coverage;
- Reduce the maximum annual limitation on cost sharing for enrollees with incomes between 100 and 200 percent of the Federal Poverty Level (FPL) of $2,850 for self-only coverage and $5,700 for other than self-only coverage;
- Require a mandatory required contribution percentage of 8.27392 for individuals age 30 and older qualifying for a hardship exemption;
- Allow enrollees to retroactively terminate their coverage whose request to terminate coverage was not implemented due to technical errors;
- Make changes to the quality rating information display standards for State Exchanges that operate their own eligibility and enrollment platforms;
- Require excepted benefit Health Reimbursement Arrangements (HRAs) offered by non-federal governmental plan sponsors to provide notice under the Employee Retirement Income Security Act of 1974 (ERISA);
- Delete regulations relating to the Early Retiree Reinsurance Program (ERRP), which expired Jan. 1, 2014.

In addition, CMS seeks comment on several topics that the agency has not proposed to address in this rulemaking, including:

- Reducing the FFE and SBE-FP user fee rate below the 2020 plan year level to reflect CMS's estimates of premium increases and enrollment decreases for 2021;
- New automatic re-enrollment processes for enrollees whose share of the premium is zero after applying subsidies and capabilities to reduce the risk of incorrect expenditures.

Comments on the proposed rule are due on March 2, 2020.

Other releases included:

- 2021 HHS Notice of Benefit and Payment Parameters Proposed Rule
- 2021 Draft Letter to Issuers in the Federally-facilitated Exchanges
- Insurance Standards Bulletin Series – INFORMATION – Extension of Limited Non-Enforcement Policy through 2021
- Draft ICD-10 Crosswalk for Potential Updates to HHS-HCC Risk Adjustment Model for the 2021 Benefit Year
- Key Dates for Calendar Year 2020

If you have any questions regarding this *Academy Alert*, please contact Devin Boerm, deputy director of public policy (Devin Boerm, 202-785-6929).