Issue Brief

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CMS Releases Notice of Benefit and Payment Parameters for 2020

The Centers for Medicare & Medicaid Services issued their proposed annual Notice of Benefit and Payment Parameters for the 2020 benefit year (proposed 2020 Payment Notice). The proposed rule sets forth payment parameters and provisions related to the risk adjustment and risk adjustment data validation programs, cost-sharing parameters, and user fees for Federally Facilitated Exchanges and State-based Exchanges on the Federal Platform. The rule proposes changes that would allow greater flexibility related to the duties and training requirements for the Navigator Program and proposes changes that would provide greater flexibility for direct enrollment entities. It proposes policies that are intended to reduce the costs of prescription drugs. It includes proposed changes to exchange standards related to eligibility and enrollment, exemptions, and other related topics.

A copy of the 331-page proposal is available at: https://s3.amazonaws.com/public-inspection.federalregister.gov/2019-00077.pdf. The rule is scheduled for publication in the Thursday, Jan. 24, ***Federal Register***. A comment period ending Tuesday, Feb. 19, is provided.

COMMENT

While this is an important document for insurers, it likely will have minimal direct impact on providers. Yes, it ultimately could impact coverage for such enrolled beneficiaries, and that could impact provider payments for those enrolled under these programs.

MATERIALS

CMS also issued the 2020 Letter to Issuers in the Federal Exchange, which provides guidance to issuers that want to offer qualified health plans on the Federal Exchange, as well as the Proposed Key Dates Charts for the 2019 Calendar Year, the Draft 2019 Filing Year Rate Review Timeline Bulletin, and the Draft 2020 Plan Year Actuarial Value Calculator.

- To view the 2020 Letter to Issuers in the Federally Facilitated Exchanges, click the link below: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Draft-2020-Letter-to-Issuers-in-the-Federally-facilitated-Exchanges.pdf.
- To view the 2019 Rate Review Timeline Bulletin, click below: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Proposed-Rate- Review-Timeline-CY2019.pdf

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- To view Proposed Key Dates for Calendar Year 2019: QHP Certification in the FFEs; Rate Review; Risk Adjustment, click below: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Key-Dates-Table-for-CY2019.pdf
- To view the Draft 2020 Actuarial Value Calculator Methodology, click below: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Draft-2020-AV-Calculator-Methodology.pdf.

CMS also announced two additional websites for obtaining other information. As of the writing of this analysis, the following links do not "open."

- 2020 Actuarial Value Calculator documents: https://www.cms.gov/cciio/resources/regulations-and-guidance/index.html#Plan Management.
- Draft 2020 Actuarial Value Calculator: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Draft-2020-AV-Calculator.pdf.

The general website for the above is at: https://www.cms.gov/cciio/resources/Regulations-and-Guidance/index.html#Consumer%20Support%20and%20Information.

HIGHLIGHTS

American Health Benefit Exchanges, or "Exchanges" are entities established under the ***Patient Protection and Affordable Care Ac***t through which qualified individuals and qualified employers can purchase health insurance coverage. Many individuals who enroll in qualified health plans through individual market Exchanges are eligible to receive a premium tax credit to reduce their costs for health insurance premiums and to receive reductions in required cost-sharing payments to reduce out-of-pocket expenses for health care services. PPACA also established the risk adjustment program, which is intended to increase the workability of the PPACA regulatory changes in the individual and small group markets, both on and off Exchanges.

CMS proposes to amend "provisions and parameters, with a focus on maintaining a stable regulatory environment to provide issuers with greater predictability for upcoming plan years, while simultaneously enhancing the role of states in these programs and providing states with additional flexibilities, reducing unnecessary regulatory burdens on stakeholders, empowering consumers and improving affordability."

Risk adjustment continues to be a core program in the individual and small group markets, both on and off the Exchanges, and CMS proposes recalibrated parameters for the HHS-operated risk adjustment methodology.

CMS proposes the user fee rate for issuers participating on Federally Facilitated Exchanges and State-based Exchanges on the Federal Platform for 2020 to be 3.0 and 2.5 percent of premiums, respectively. These rates would be a decrease from past years, which would increase affordability for consumers.

The rule proposes allowing individual, small group and large group market health insurance issuers to adopt mid-year formulary changes to incentivize greater enrollee use of lower-cost generic drugs, consistent with the agency's approach to Medicare Part D. The rule also proposes changes related to requirements for how such issuers and self-insured group health plans treat cost-sharing for brand drugs when a generic equivalent is available.

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One proposal would streamline and update the direct enrollment regulations to accommodate further innovations for consumers to buy QHPs outside of HealthCare.gov.

The rule proposes processes to allow individuals to more easily claim a hardship exemption from the individual mandate penalty directly on their tax return for the 2018 tax year.

The proposed rule considers modifying the premium index to incorporate changes to individual market premiums, in addition to the group health plan premiums used today. The premium index is a figure that drives several other calculations, such as the maximum annual limitation on cost sharing.

The rule invites a public discussion on the practice of "silver loading" and the auto-reenrollment process through the Exchange. CMS is not proposing any regulatory changes regarding these practices at this time, but CMS is soliciting public comment to better understand the issues because states have addressed silver-loading in different ways. This process will help inform whether there are better options for potential future rulemaking.

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