

## Department of Health & Human Services

Centers for Medicare & Medicaid Services  
Center for Consumer Information & Insurance Oversight  
200 Independence Avenue SW  
Washington, DC 20201



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**Date:** October 9, 2015

**Subject:** Early Reinsurance Payments for the 2015 Benefit Year

The Centers for Medicare & Medicaid Services (CMS) will make an early payment under the transitional reinsurance program for the 2015 benefit year to issuers of reinsurance-eligible plans. We anticipate making this early payment in March, 2016. Reinsurance funds not paid out through this early payment will be paid out in late 2016, as part of the standard reinsurance data submission, validation, calculation, and payment process.

For the 2014 benefit year, CMS made reinsurance payments at a coinsurance rate of 100 percent. Following payments for the 2014 benefit year, surplus reinsurance funds remain available from the 2014 benefit year, which are being rolled forward for the 2015 benefit year. This surplus, combined with the additional collections of reinsurance contributions for the 2015 benefit year and greater experience in loading claims on issuers' EDGE servers, will permit CMS to make an early partial payment. CMS will make the early payment at a coinsurance rate of 25 percent. For the 2015 benefit year, the reinsurance attachment point is \$45,000, and the reinsurance cap is \$250,000. The final coinsurance rate for the 2015 benefit year, which under our earlier guidance had been estimated at 50 percent, will be calculated based on total available reinsurance collections and accepted payment requests. We expect to announce the final 2015 coinsurance rate in June 2016.

CMS will calculate this early payment based on accepted enrollment and claims data made available through issuers' EDGE servers as of February 1, 2016. Issuers are therefore encouraged to load all available claims and enrollment data for the full 2015 benefit year by 5 p.m. on that date.<sup>1</sup> Data loaded for the early reinsurance payment will be subject to CMS data validation checks prior to calculation of reinsurance payment amounts. We will make technical assistance available to issuers to facilitate the successful submission of this data.

This early payment will represent a portion of the full reinsurance payment that issuers will receive for the 2015 benefit year. CMS will make additional reinsurance payments in late 2016, which will be calculated based on all accepted enrollment and claims data for the 2015 benefit

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<sup>1</sup> Consistent with 45 CFR 153.730, the deadline for submission of data to be considered for reinsurance payments for the 2015 benefit year is April 30, 2016. Under our EDGE server data collection schedule, issuers should load at least 90 percent of their claims for the first three quarters of the 2015 benefit year by January 8, 2016, and at least 90 percent of their claims for the final quarter by March 4, 2016.

year loaded on an issuer's EDGE server by the final submission deadline of April 30, 2016 – including the data made available by February 1. The final payment will be calculated based on the final coinsurance rate and will be reduced by the amount of any early payment.

The transitional reinsurance program was established under section 1341 of the Affordable Care Act to stabilize premiums in the individual market inside and outside of the Marketplaces. Under the program, issuers of reinsurance-eligible plans receive reinsurance payments for a percentage of enrollee paid claims (the coinsurance rate) above the reinsurance attachment point and below a reinsurance cap.