

5/29/15

CMS Response to Public Comments Received for CMS-10392

The Centers for Medicare and Medicaid Services (CMS) received comments from two CO-OP Program Loan Recipients (non-profit health insurance companies) related to CMS-10392. This is the reconciliation of the comments.

1. Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a health insurer expressing concern that the preparation of pro forma financial statements is “time intensive and costly for CO-OPs with external actuaries.” The commenter recommended changing the frequency of submission from quarterly to twice per year at the end of the first and third calendar quarters in order to reduce burden and CO-OP administrative costs.

Response:

CMS appreciates the concern expressed by the commenter. However, CMS has often observed a high level of variability in CO-OP performance relative to projections from quarter to quarter. Given this variability, a more frequent collection of the pro forma financial statement is necessary for CMS to actively monitor each CO-OP’s financial viability and sustainability. In addition, CMS expects that CO-OPs would need to update their projections at least quarterly to reflect new experience.

2. Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a health insurer stating that the proposed due dates for the quarterly submission of the pro forma financial statements are burdensome because they coincide with the due dates for the NAIC regulatory filings. The commenter recommended changing the due dates to 30 calendar days following the regulatory filing due dates in order to reduce burden and facilitate “accurate and meaningful forecast updates” based on the date contained in the regulatory filings.

Response:

CMS thanks the commenter for the suggestion. To help reduce burden, CMS is changing the due dates for the quarterly submission of the pro forma financial statements to 30 calendar days following the regulatory filing due dates.

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3. Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a health insurer requesting that CMS exempt CO-OPs from submitting an updated pro forma financial statement if the changes are within a reasonable variance and there are no significant or material changes to the assumptions.

Response:

CMS appreciates the suggestion expressed by this commenter. However, to actively assess a CO-OP's financial status, it is important that CMS fully understand any changes to the projections in the CO-OP's pro forma financial statement. CMS has observed a high level of variability in CO-OP performance relative to projections across a variety of measures including but not limited to enrollment, profit/loss, claims costs and administrative ratios.

4. Comment:

The Centers for Medicare and Medicaid Services (CMS) received a comment from a health insurer suggesting that CMS change the due date of the December monthly reports from January 31st to March 1st to be consistent with the due date for annual statement filings. The commenter expressed that "year-end closing processes are more extensive and require actuarial review prior to filing." The commenter indicated that this change in due date would reduce the submission of incomplete, preliminary data as well as burden on the finance department of each CO-OP.

Response:

CMS appreciates concern expressed by this commenter but disagrees with the requested change in due date. The timing of the monthly reports is critical for CMS to see changes in CO-OP financial status in a timelier manner than quarterly filings. Delaying the due date for the December report to March would result in CMS receiving this critical data considerably later than needed for its monitoring of CO-OP financial status.

5. Comment:

The Centers for Medicare and Medicaid Services (CMS) received comments from a health insurer suggesting that CMS change the template for the monthly report from a horizontal orientation to a vertical orientation so that it will fit on one page.

Response:

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CMS appreciates the suggestion expressed by this commenter but believes that the current format will best facilitate data analysis by maintaining consistency with the previous report format. Therefore, all CO-OPs will be required to use the current horizontal format.