



Health Insurance Fee (HIF) Reimbursement Methodology Guide

Companion Guide Version Number: 1.5 September, 2015

Table of Contents

1	HIF Instruction Introduction.....	4
	Background	4
	Contract.....	4
	Reporting Timeframes.....	4
	WI HIF MA Calculation Template Format and Naming Convention.....	5
	Sending HIF Reports to DHS	5
	HIF Questions	5
	HIF Guide and WI HIF MA Calculation Template Location	5
	Non-Disclosure of Trade Secrets	5
	Acknowledgement.....	6
2	Internal Revenue Service (IRS) Forms, NAIC Annual Statement and Health Insurance Fee (HIF) Reimbursement Attestation Form.....	6
	NAIC Annual Statement	6
	IRS Form 8963.....	7
	IRS Letter 5066C.....	7
	IRS Letter 5067C.....	7
	Health Insurance Fee (HIF) Reimbursement Attestation Form	7
	HMOs Participating in Non-BadgerCare Plus and SSI Wisconsin Medicaid Prgms	8
	IRS Form or NAIC Annual Report Changes	8
3	WI HIF MA Calculation Template Tabs	8
	WI MA Calculation Tab.....	8
3.1.1	Preparer Contact Information:	8
3.1.2	Medicaid Premiums: Line 1	9
3.1.3	Medicaid Premiums Deductions Not Reported in NAIC Annual Statement: Line 2	9
3.1.4	Division of Long Term Care (DLTC) Premiums: Line 3	9
3.1.5	Division of Long Term Care (DLTC) Premiums Deductions Not Reported in NAIC Annual Statement: Line 4	9
3.1.6	Net Medicaid Premiums: Line 5	9

3.1.7	Sum of Total Net Premiums Written as Reported (IRS Letter 5067C): Line 6	..... 10
3.1.8	Ratio of Medicaid Premium to total Net Premium: Line 7	..... 10
3.1.9	Calculation of Medicaid Premium Dollar Threshold Applied to the Fee: Line 8-10	..... 10
3.1.10	Proportion of Dollar Threshold Allocated to Medicaid: Line 11	..... 10
3.1.11	Net Medicaid Premium Subject to Fee: Line 12	..... 10
3.1.12	Subtotal of Premiums Subject to Fee (IRS Letter 5067C): Line 13	..... 10
3.1.13	Net Premiums Written Taken into Account for Your Entity (IRS Letter 5067C): Line 14	..... 10
3.1.14	Medicaid Premium Subject to Fee: Line 15	..... 10

Reimbursement Calculation Tab 10

3.1.15	Medicaid Premium Subject to Fee: Line 1	..... 10
3.1.16	Net Premiums Taken into Account for Your Entity: Line 2	..... 11
3.1.17	Ratio of Medicaid to Grand Total Premiums: Line 3	..... 11
3.1.18	Final Fee Amount (IRS Letter 5067C): Line 4	..... 11
3.1.19	WI Medicaid Portion of the Final Fee: Line 5	..... 11
3.1.20	Federal Tax %: Line 6	..... 11
3.1.21	Wisconsin State Tax %: Line 7	..... 11
3.1.22	Wisconsin Premium Tax %: Line 8	..... 11
3.1.23	Ratio Federal and State Tax: Line 9	..... 11
3.1.24	Ratio Wisconsin Premium Tax: Line 10	..... 11
3.1.25	Gross-Up Ratio: Line 11	..... 11
3.1.26	WI Medicaid Fee Reimbursement: Line 12	..... 12
3.1.27	Attestation Signature and Date:	..... 12
	WI Specific MA Calculation for the Annual Fee on Health Ins Providers	..... 13
	WI Specific MA Fee Reimbursement Calculation	..... 14

Health Insurance Fee (HIF) Reimbursement Attestation Form 15

Health Insurance Fee (HIF) Reimbursement Methodology Instructions

1 HIF Instruction Introduction

Background

This companion guide is designed for the use by Health Maintenance Organizations (HMOs) to report the Wisconsin specific costs associated with Section 9010 of the Affordable Care Act (ACA) Health Insurance Fee (HIF) to the Department of Health Services (DHS) for the Medicaid (MA) Badgercare Plus (BC+) and Supplemental Security Income (SSI) programs.

Contract

The HIF report is required by the BC+ and SSI contracts. The contract language can be found in Article XV, G - Health Insurance Fee (HIF) Reimbursement.

Reporting Timeframes

HMO(s) are required to submit the reports to DHS each calendar year in order to receive reimbursement for HIF. The schedule below outlines several key dates associated with HIF.

Only the date(s) in **bold** require HMOs to submit reports to DHS:

<i>Date</i>	<i>Explanation</i>
April 1	HMOs submit the NAIC MA filing for the prior year with OCI
April 15	IRS Form 8963 is filed with the IRS
July 15	Corrections to the April 15 filing sent to the IRS
August 31	IRS will issue the tax bill to the HMOs
September 10	HMOs submit NAIC Exhibits, the entire IRS Letter 5066C, IRS Letter 5067C, final IRS Form 8963 and complete WI HIF MA Calculation Template (based on 5067C), exhibit for other MA contracts and Signed Attestation
September 25	The DHS will determine final reimbursement associated with the HIF
September 30	HMO tax payment is due to the IRS
December 31	By this date, the State will issue a retroactive capitation rate and contract amendment based on the reimbursement

The non-bolded dates are provided for reference only. HMOs are responsible to inform DHS within 5 days of the due date if an extension is necessary beyond the required dates.

WI HIF MA Calculation Template Format and Naming

Convention

The HIF Template will be required to be sent in a Microsoft (MS) Excel format. The report should use the following naming convention:

HMONAME_HIF_CCYYMMDD

An example of the naming convention is;

MOLINA_HEALTHCARE_HIF_20120701

Sending HIF Reports to DHS

All HIF reports should be submitted to Bureau of Fiscal Management (BFM) via email (DHSDHCAABFM@dhs.wisconsin.gov).

HIF Questions

Questions concerning the HIF report should be directed to BFM via phone: 608-267-9589 or email (DHSDHCAABFM@dhs.wisconsin.gov).

HIF Guide and WI HIF MA Calculation Template Location

The HIF Guide and MS Excel WI HIF MA Calculation Template can be found on the ForwardHealth portal at;

https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/Managed%20Care%20Organization/reports_data/reportsData.htm.spage

Examples of the templates can be found on later pages of this guide.

Non-Disclosure of Trade Secrets

The HIF Report is covered under Article XI, L – Non-Disclosure of Trade Secrets, contract language below;

1. To the extent that encounter records, medical-loss ratio reports, or other submissions/reports include or have the capacity to reveal amount(s) paid by the HMO to provider(s), the HMO and the Department agree that those records, reports or submissions constitute trade secrets under the Wisconsin Uniform

Trade Secrets Act, Wis. Stats., s. 134.90(1)(c). Such records, reports or submissions are thus exempt from disclosure under s. 19.36(5), Wis. Stats. regardless of whether said information is specifically, separately designated as such by the HMO at the time of submission or reporting to the Department.

2. If the Department receives an open records request, subpoena, or similar request involving the information described in Paragraph 1., the Department shall notify the HMO of the request without unreasonable delay. Upon such request, the Department shall take all reasonable steps to prevent the disclosure of such information. In the event that disclosure of information is compelled pursuant to a writ of mandamus or other court order, the Department agrees to redact any otherwise proprietary, confidential, or trade secret information prior to said disclosure, subject to the terms of the order.
3. In the event the designation of the confidentiality of this information is challenged, the HMO agrees to provide legal counsel or other necessary assistance to defend the designation of records, reports, or submissions as a trade secret. The Department shall, without charge to the HMO, reasonably cooperate with such defense, to include providing legal counsel, testimony, and attestations regarding the protection of confidential and proprietary information that qualifies as a trade secret. Notwithstanding the foregoing, the HMO shall have the sole right and discretion to settle, compromise, or otherwise resolve such defense. Should any order or judgment be issued against the Department, the HMO will hold the Department harmless and indemnify the Department for costs and damages assessed against the Department as a result of designating records, reports, or submissions as trade secret(s).

Acknowledgement

References to the National Association of Insurance Commissioner's (NAIC) Annual and Quarterly Statement Instructions/Blank – Health provided with permission from NAIC. www.naic.org

2 Internal Revenue Service (IRS) Forms, NAIC Annual Statement and Health Insurance Fee (HIF) Reimbursement Attestation Form

NAIC Annual Statement

HMOs will be required to send to the DHS a copy of the NAIC Annual Statement exhibits which specify the Wisconsin Total Direct Premiums and the Medicaid Premiums submitted to the Office of the Commissioner of Insurance (OCI). The annual statement premium exhibits must match the premiums recorded on the WI HIF MA Calculation Template.

The annual statement pages must be from the prior year e.g. CY2015 HIF is based on premiums from the CY2014 NAIC Annual Statement.

The annual statement exhibits used to support the numbers in the WI HIF MA Calculation Template must be sent to DHS by **September 10** of each year.

IRS Form 8963

HMOs will be required to submit a copy of the IRS Form 8963 which includes the Wisconsin premiums reported on the NAIC Annual Statement and Supplemental Health Care Exhibit (SHCE) to DHS. The IRS Form 8963 must be sent to DHS by **September 10** of each year.

IRS Letter 5066C

HMOs will be required to submit a copy of the entire IRS Letter 5066C. The IRS letter must be sent to DHS by **September 10** of each year.

IRS Letter 5067C

HMOs will be required to submit a copy of the IRS Letter 5067C which included the Wisconsin premiums to DHS by **September 10** of each year.

Federal and State Tax Percentage for Gross-up Calculation

HMOs are required to use the current year tax rates for the purposes of the gross-up calculation. If no tax will be paid for the current year then the percentage should be zero.

If the final tax rate is different from then what is reported on the template. The HMO must notify the Department within 15 days of the discovery. The difference in rates will be applied to the following year's calculation.

Health Insurance Fee (HIF) Reimbursement Attestation Form

The HMO's Chief Executive Officer (CEO) or Chief Financial Officer (CFO) must attest to accuracy and completeness of all data submitted to the Department associated with the reimbursement of the fee.

A signed attestation only needs to be submitted with the final materials on **September 10**. All HMOs, even those not subject to the fee, must submit a signed attestation by this date. The form can be found on the last page of this guide.

HMOs Participating in Non-BadgerCare Plus and SSI

Wisconsin Medicaid Programs

HMOs participating in a Wisconsin Medicaid program impacted by the annual fee but not governed by the Badgercare Plus or SSI contract should seek reimbursement from the appropriate contracting agency.

HMOs with multiple Wisconsin Medicaid contracts must clearly separate the premiums associated with each contract in a separate exhibit as well as apply all appropriate deductions. Only the premiums associated with the Badgercare Plus and SSI contract should appear in the template calculation (except in sections 3.1.4 and 3.1.5). The separate exhibit should be submitted with the materials sent on **September 10**.

IRS Form or NAIC Annual Report Changes

HMOs are responsible for notifying DHS of any IRS form or NAIC Annual Report changes which may impact the requested information used for reimbursement (e.g. IRS Form 8963 changes to IRS Form 8963a, etc). DHS should be notified of the changes when the reports are submitted each year.

3 WI HIF MA Calculation Template Tabs

The WI HIF MA Calculation Template consists of two tabs 1) WI MA Calculation, and 2) Reimbursement Calculation. The HMOs will be responsible for all numbers/calculations and must attest that the information provided is complete and accurate.

Sections highlighted in **yellow** represent fields the HMO(s) are responsible to fill-in on the report. The spreadsheet performs the rest of the calculations. Discrepancies or changes to the calculations should be noted when reporting the information to the Department. All reimbursement amounts will be based on Department's calculations and not necessarily on any changed noted by the HMOs.

WI MA Calculation Tab

The WI MA Calculation tab is designed to calculate the Wisconsin specific MA portion of the total premium.

3.1.1 Preparer Contact Information:

The preparers contact information for the report must be listed. If multiple people are involved, only the person responsible for resolving questions should be listed.

Calculation of Wisconsin Specific Medicaid Premium from the NAIC Annual Statement

3.1.2 Medicaid Premiums: Line 1

This number consists of Wisconsin Medicaid Premiums reported on the NAIC Annual Statement for the BadgerCare Plus and SSI contract excluding premiums funded through the Division of Long Term Care (DLTC) or other Medicaid programs. This number must match the exhibit required in Section 2 of this guide.

3.1.3 Medicaid Premiums Deductions Not Reported in NAIC Annual Statement: Line 2

This number represents any deductions which are specific to the Wisconsin Medicaid Premiums in Line 1 which is not included in the NAIC Annual Statement excluding deductions related to DLTC or other Medicaid Programs. Examples of which would be any supplement exhibits sent to the IRS which affect the premiums reported or potentially any of the following cases, reinsurance, capitation/sub-capitated payments arrangements, long term nursing home, home health care, community-based care, etc. as it applies to Wisconsin Medicaid Premiums.

3.1.4 Division of Long Term Care (DLTC) or Other Premiums: Line 3

This number consists of Wisconsin DLTC Premiums or other Medicaid premiums not related to BadgerCare Plus or SSI included on the NAIC Annual Statement as a part of total Wisconsin Medicaid Premiums. This number must match the exhibit required in Section 2 of this guide.

3.1.5 Division of Long Term Care (DLTC) or Other Premiums Deductions Not Reported in NAIC Annual Statement: Line 4

This number represents any deductions specific to the Wisconsin DLTC or other Medicaid Premiums in Line 3 which is not included in the NAIC Annual Statement. Examples of which would be any supplement exhibits sent to the IRS which affect the premiums reported or potentially any of the following cases of DHS DLTC FC, FCP, and PACE Wisconsin DLTC Premiums.

3.1.6 Net Medicaid Premiums: Line 5

Add Lines 1 and 3 then subtract lines 2 and 4.

Calculation of Wisconsin Specific Medicaid Premium from IRS Letter 5067C

The Department is requiring the HMOs to use the 5067C IRS Letter to calculate the Wisconsin Specific Medicaid Premiums however HMO's are to still send the Department the IRS Letter 5066C for administrative purposes by September 10.

3.1.7 Sum of Total Net Premiums Written as Reported (IRS Letter 5067C): Line 6

This information is taken directly from the “Sum of total net premiums written as reported” field on the corresponding IRS letter.

3.1.8 Ratio of Medicaid Premium to total Net Premium: Line 7

Line 5 divided by line 6.

3.1.9 Calculation of Medicaid Premium Dollar Threshold Applied to the Fee: Line 8-10

This section calculates the adjustment to the first \$50 million of the fee. HMOs which have a total net premium written that is less than \$50 million should contact the Department via the information provided in section 1.

3.1.10 Proportion of Dollar Threshold Allocated to Medicaid: Line 11

Line 5 multiplied by line 8.

3.1.11 Net Medicaid Premium Subject to Fee: Line 12

Line 7 minus line 10.

3.1.12 Subtotal of Premiums Subject to Fee (IRS Letter 5067C): Line 13

This information is taken directly from the “Subtotal of premiums subject to fee” field on the corresponding IRS letter.

3.1.13 Net Premiums Written Taken into Account for Your Entity (IRS Letter 5067C): Line 14

This information is taken directly from the “Net premiums written taken into account for your entity” field on the corresponding IRS letter.

3.1.14 Medicaid Premium Subject to Fee: Line 15

Line 15 multiplied by line 14.

Reimbursement Calculation Tab

The Reimbursement Calculation tab is designed to calculate the Medicaid and the gross-up reimbursement associated with the fee.

3.1.15 Medicaid Premium Subject to Fee: Line 1

This value is carried over from the WI MA Calculation Tab line 12.

3.1.16 Net Premiums Taken into Account for Your Entity: Line 2

This value is carried over from the WI MA Calculation Tab line 14.

3.1.17 Ratio of Medicaid to Grand Total Premiums: Line 3

Line 1 divided by line 2.

Calculation of Fee Reimbursement**3.1.18 Final Fee Amount (IRS Letter 5067C): Line 4**

This information is taken directly from the "Preliminary or Final calculation of your fee" field on the corresponding IRS letter.

3.1.19 WI Medicaid Portion of the Final Fee: Line 5

Line 3 multiplied by line 4. This value represents the Medicaid premium reimbursement of the fee.

Calculation of Gross-up Associated with Fee**3.1.20 Federal Tax %: Line 6**

Enter the percentage of federal tax paid on the Medicaid portion of the fee for the current year.

3.1.21 Wisconsin State Tax %: Line 7

Enter the percentage of Wisconsin State Tax paid on the Medicaid portion of the fee for the current year.

3.1.22 Wisconsin Premium Tax %: Line 8

Enter the percentage of Wisconsin Premium Tax paid on the Medicaid portion of the fee for the current year.

3.1.23 Ratio Federal and State Tax: Line 9

1 minus (Line 6 minus Line 7) multiplied by (1 minus Line 6).

3.1.24 Ratio Wisconsin Premium Tax: Line 10

1 divided by (1 minus Line 8).

3.1.25 Gross-Up Ratio: Line 11

Line 9 multiplied by Line 10.

3.1.26 WI Medicaid Fee Reimbursement: Line 12

Line 5 plus line 9 plus line 10 plus line 11. This value represents the total reimbursement associated the premium fee and gross-up calculation.

3.1.27 Attestation Signature and Date:

The preparer of the template listed on the first tab of the spreadsheet needs to attest to the completeness and accuracy of the information entered on the form.

Wisconsin Specific MA Calculation for the Annual Fee on Health Insurance Providers

HMO Name									
Preparer Name									
Email Address									
Phone #									
Calculation of Wisconsin Specific Medicaid Premium from the NAIC Annual Statement									
1. Medicaid Premium (NAIC Annual Statement)									
2. Medicaid Premium Deductions Not Reported in NAIC Annual Statement									
3. DLTC or Other MA Premium (NAIC Annual Statement)									
4. DLTC or Other MA Premium Deductions Not Reported in NAIC Annual Statement									
5. Net Medicaid Premium (Line 1 & 3 minus Line 2 & 4)									-
Calculation of Wisconsin Specific Medicaid Premium from IRS Letter 5067C									
6. Sum of Total Net Premiums Written as Reported (IRS Letter 5067C)									
7. Ratio of Medicaid Premium to Total Net Premiums (Line 5 ÷ Line 6)									-
Calculation of Medicaid Premium Dollar Threshold Applied to the Fee:									
Adjustment for first \$50 million of premium:									
8. Deduction for first \$25 million of premium (100% of the lower of total premium or \$25 million)							25,000,000		
9. Deduction for next \$25 million of premium (50% of the lower of total premium minus \$25 million or \$25 million)							12,500,000		
10. Total							37,500,000		
11. Proportion of Dollar Threshold Allocated to Medicaid (Line 7 times Line 10)									-
12. Net Medicaid Premium Subject to Fee (Line 5 minus Line 11)									-
13. Subtotal of Premiums Subject to Fee (IRS Letter 5067C)									
14. Net Premiums Written Taken into Account for Your Entity (IRS Letter 5067C)									
15. Ratio of Subtotal to Net Premium (Line 14 ÷ Line 13)									0%
16. Medicaid Premium Subject to Fee (Line 12 times Line 15)									-
Note:	HMO Input Fields								

Wisconsin Specific MA Fee Reimbursement Calculation										
1. Medicaid Premium Subject to Fee (WI MA Calculation Tab Line 12)										-
2. Net Premiums Taken into Account for Your Entity (WI MA Calculation Line 14)										-
3. Ratio of Medicaid to Grand Total Premiums (Line 1 ÷ Line 2)										-
Calculation of Fee Reimbursement										
4. Final Fee Amount (IRS Letter 5067C)										
5. WI Medicaid Portion of Final Fee (Line 3 times Line 4)										-
Calculation of Gross-up associated with Fee										
6. Federal Tax %										
7. Wisconsin State Tax %										
8. Wisconsin Premium Tax %										
9. Ratio Federal and State Tax (1 minus (Line 6 minus Line 7) multiplied by (1 minus Line 6))										1.00
10. Ratio Wisconsin Premium Tax (1 ÷ (1 minus Line 8))										1.00
11. Gross up Ratio (Line 9 multiplied by Line 10)										1.00
12. WI Medicaid Fee Reimbursement (Line 5 ÷ Line 11)										-
I attest that the information provided in the WI MA Calculation and Reimbursement Calculation spreadsheets is accurate and truly represents the cost for my health plan's Wisconsin Medicaid portion of the Annual Fee on Health Insurance Providers.										
Preparer of the Form										Date
HMO Name										
Note:	HMO Input Fields									14 | Page

Health Insurance Fee (HIF) Reimbursement Attestation Form

ATTESTATION

I, _____, have reviewed the following data:
(Name and Title)

- ☐ Medicaid Premium Reported from the NAIC Annual Statement for 20__.
- ☐ IRS Form 8963 for 20__.
- ☐ IRS Letter 5067C for 20__.
- ☐ Federal Tax Percentage Reported for 20__.
- ☐ Wisconsin State Tax Percentage Reported for 20__.
- ☐ Wisconsin State Premium Tax Percentage Reported for 20__.
- ☐ WI Medicaid Fee Reimbursement, Section 3.1.24 of this guide for 20__.
- ☐ Separate Exhibit for Multiple Wisconsin Medicaid Contracts for 20__.

Or

- ☐ Not subject to and/or waive the right to seek Wisconsin Medicaid reimbursement on Annual Fee on Health Insurance Providers for 20__.

I hereby attest and affirm that the information being submitted is complete, factual and correct. I furthermore attest and affirm that no material facts have been omitted from this form. I understand that payment and satisfaction of this reimbursement will be from federal and state public funds and that I may be prosecuted under applicable federal and state laws for any false claims, statements, or documents, or concealment of a material fact. I furthermore understand that state or federal authorities may inspect all records or documents pertaining to the provision of this reimbursement.

(Signature CEO/CFO)

(HMO Name)

(Print Name CEO/CFO)

(Print Date)