

**INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS)
AND
THE COMMONWEALTH OF PENNSYLVANIA
THE PENNSYLVANIA INSURANCE DEPARTMENT**

I. PURPOSE

This Agreement sets forth the terms and conditions governing the arrangement between the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), and the Pennsylvania Insurance Department (PID) on behalf of the Commonwealth of Pennsylvania under which CMS will calculate reinsurance payments to issuers participating in Pennsylvania's Reinsurance (PA-RE) program under Pennsylvania's State Innovation Waiver under section 1332 of the Patient Protection and Affordable Care Act (PPACA).

II. INTEGRATION

This Agreement including any attachments, as well as the Standard Terms and Conditions applicable to Pennsylvania's State Innovation Waiver under section 1332 of the PPACA, constitute the entire agreement between CMS and PID with respect to their subject matter. There have been no representations, warranties, or promises made outside of this Agreement or the Standard Terms and Conditions. This Agreement will take precedence over any other documents that may be in conflict with it solely with regard to CMS' calculation of reinsurance payments under the PA-RE program and Pennsylvania's compensation to CMS for such services.

III. AUTHORITY

Transfer of Funds and Programmatic Authority:

The legal authority for CMS to enter into this Agreement is as follows: Title III of the Intergovernmental Cooperation Act of 1968, and its implementing guidance at the Office of Management and Budget (OMB) Circular No. A-97: Rules and regulations permitting Federal agencies to provide specialized or technical services to state and local units of government. The legal authority for PID to enter into this Agreement is Act 42 of 2019, at 40 Pa. C.S. §§9501 et seq.

IV. BACKGROUND

Section 1332 of the PPACA permits a state to apply for a State Innovation Waiver (referred to as a section 1332 waiver or a State Relief and Empowerment Waiver) to pursue innovative strategies for providing their residents with access to higher value, more affordable health coverage. States can request that the Secretaries of Health and Human Services (HHS) and the Department of the Treasury (collectively, the Secretaries) waive certain provisions of the PPACA provided that a state's waiver application meets specific statutory requirements: (1) will

provide coverage that is at least as comprehensive as coverage defined in PPACA's section 1302(b) and offered through Exchanges established under title I of the PPACA; (2) the proposal will provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable for the state's residents as would be provided under title I of PPACA; (3) the proposal will provide coverage to at least a comparable number of the state's residents as would be provided under title I of PPACA; and (4) the proposal will not increase the federal deficit.

On October 24, 2018, the Centers for Medicare and Medicaid Services (CMS) and the Department of the Treasury (collectively, the Departments) published guidance that provided information on how state waiver applications would be evaluated based on the four statutory guardrails. The guidance also stated that CMS may provide services in support of the state's section 1332 waiver plan under Title III of the Intergovernmental Cooperation Act of 1968 (ICA) OMB Circular No. A-97. The ICA is intended to: 1) encourage intergovernmental cooperation in the conduct of specialized or technical services and provisions of facilities essential to the administration of state or local governmental activities; 2) enable state and local governments to avoid unnecessary duplication of special service functions; and 3) authorize federal agencies that do not have such authority to provide reimbursable specialized and technical services to state and local governments. Accordingly, the ICA authorizes the head of any federal agency, within his discretion and upon written request from a state or political subdivision thereof, to provide specialized or technical services, upon payment to the federal agency by the unit of government making the request, of salaries and all other identifiable direct or indirect costs of performing such services.

Where a state intends to rely on CMS to perform administrative activities in connection with its section 1332 waiver program, the state must cover CMS' costs. For this reason, the Departments will not consider costs for CMS services covered under this Agreement an increase in federal spending resulting from the state's waiver plan for purposes of the deficit neutrality analysis under section 1332.

On February 11, 2020, the Commonwealth of Pennsylvania, through the PID, submitted a section 1332 waiver application to waive certain PPACA requirements and implement a reinsurance program called the PA-RE program for 2021 through 2025. The Commonwealth of Pennsylvania's waiver application was approved on July 24, 2020, and the waiver is effective from January 1, 2021 through December 31, 2025. The Commonwealth, through PID, requested that CMS calculate issuer reinsurance payments in support of the state's waiver plan from January 1, 2021 to December 31, 2025.

V. STATEMENT OF WORK

The parties agree to the following Roles and Responsibilities:

A. *CMS' Responsibilities:*

1. CMS will identify paid claims eligible for reimbursement under the PA-RE program (eligible claims) for services provided on or between January 1, 2021 to December 31,

2025. CMS will identify such claims from data submitted to “EDGE Servers” maintained by issuers offering coverage in the Commonwealth of Pennsylvania. CMS will identify such claims based on the parameters for the Commonwealth of PA-RE Program as described in the state’s section 1332 waiver application approved on July 24, 2020, and as confirmed by PID as described under paragraph V.B.1 below.

2. CMS will calculate the total reinsurance payment due to an issuer on account of each eligible claim CMS identifies. CMS will provide PID a monthly report detailing the reinsurance payments on a cumulative basis to date owed to specific issuers under the PA-RE Program criteria by the 30th of the month.
3. CMS will perform development, implementation, maintenance, operations, and customer support work for the state for the activities outlined in section V.A.
4. The parties acknowledge and agree that CMS is not performing services under this Agreement in its capacity as a HIPAA covered entity. PID further acknowledges that no data or information CMS evaluates under this Agreement will constitute protected health information as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or will otherwise constitute information protected by any Commonwealth of Pennsylvania law that would require CMS to comply with privacy and information security requirements or standards that are more onerous or stringent than the standards with which CMS complies as described in section XIII of this Agreement.

B. Pennsylvania Insurance Department (PID) Responsibilities:

1. On or before January 1st of each year during the term of this Agreement, PID will confirm the parameters (i.e., eligibility criteria) for payment of claims under the PA-RE program for the purposes of facilitating CMS’ work under this Agreement. PID is responsible for updating CMS during a calendar year if there are any changes to the PA-RE program from what is described in the state’s approved waiver application. Any changes to the parameters after January 1st could result in CMS incurring additional costs for which the PID will be responsible.
2. PID will reimburse CMS in the amounts and at the times designated in this Agreement for CMS’ actual costs related to development, implementation, maintenance, operation, and customer support (including overhead) and maintenance costs of performing the tasks requested by the state as described in section V.A.
3. PID is responsible for operating the reinsurance program and making reinsurance payments to issuers as described in the state’s waiver application.

VI. DURATION OF AGREEMENT

Effective Date: This agreement is effective when signed by both parties and will terminate on December 31, 2026. This parties’ performance under this Agreement is contingent on the state

meeting the obligations specified in the specific terms and conditions to which the state agreed in connection with its section 1332 waiver.

VII. FUNDS

PID shall reimburse CMS for all services provided under this Agreement. CMS cannot begin work until this Agreement is fully executed by all parties. PID will be invoiced for actual costs incurred by CMS. The state can elect to submit payment to CMS via a CMS-approved method in one or multiple payments during the plan year. At the time of execution, CMS estimates that the total cost for the support services CMS will provide for the 2021 plan year pursuant this Agreement will be \$10,000 – 15,000 for support costs. CMS will inform PID of the actual costs for the tasks in section V.A. for the Commonwealth of Pennsylvania by March 31st of each calendar year during the term of this Agreement from between January 1, 2021 to December 31, 2025.

PID should send any documentation or required information to the CMS staff identified below:

Lina Choudhry Rashid
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
7501 Wisconsin Ave
Bethesda, MD 21814
e-mail: Lina.Rashid@cms.hhs.gov
Phone #: 202-260-6098

Milan Shah
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
7501 Wisconsin Ave
Bethesda, MD 21814
e-mail: Milan.Shah@cms.hhs.gov
Phone #: (301) 492-4427

John Maynard
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
7501 Wisconsin Ave
Bethesda, MD 21814
e-mail: John.Maynard@cms.hhs.gov
Phone #: (301) 492-4439

CMS will send any documentation or required information to the PID staff identified below:

Shannen M. Logue
Deputy Insurance Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square

Harrisburg, PA 17120
e-mail: Slogue@pa.gov
Phone #: (717) 301-0223

Michael Humphreys
Chief of Staff
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120
e-mail: mhumphreys@pa.gov
Phone #: (717) 787-0684

X. DE-OBLIGATION OF FUNDS

CMS receives annual appropriations; therefore, all of CMS' obligations under this Agreement must be incurred within the time-frame of the current Fiscal Year (FY) of the bona fide need. Any funds (including "No Year") that have not been obligated by the end of the FY by September 30th requires amending the agreement to de-obligate the funds. Funds cannot be held as advance funds or used for another FY other than the bona fide need that the funds were intended.

XI. DUPLICATION

Full implementation of this Agreement will not duplicate any existing agreements.

XII. MODIFICATION AND TERMINATION

Any modification or amendment of this Agreement must be agreed to by both parties in writing. This Agreement may be modified to incorporate new sections or language as required to insure compliance with parties' legislative mandates and internal policies and processes. Either party may terminate this Agreement by giving the other party 30 days' notice in writing. If the state cancels its order for the services described under this Agreement, CMS is authorized to collect costs incurred prior to cancellation of the state's order, plus any termination costs charged to CMS.

XIII. INFORMATION PRIVACY AND SECURITY

This Agreement has been reviewed for privacy and information security implications. Consistent with section V.A.4 of this Agreement, the parties acknowledge and agree that none of the data or information CMS will access to provide the services under this Agreement constitutes protected health information as defined by HIPAA or other relevant Commonwealth of Pennsylvania state law. Information from Commonwealth of Pennsylvania issuers will be provided to CMS as indicated in Section V.A.1 of this Agreement. To the extent that CMS maintains in its systems any data used to provide services under this Agreement, CMS will maintain such information in information technology systems that are compliant with applicable requirements under the


Federal Information Security Management Act of 2002, 44 U.S.C §§ 3541-3549, as amended by the Federal Information Security Modernization Act, 44 U.S.C. §§ 3551-3558 (FISMA). Consistent with section V.A.4, the parties acknowledge and agree that none of the information the Commonwealth of Pennsylvania will provide to CMS constitutes protected health information as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

The parties to this Agreement will ensure the terms are in compliance with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. §794d), as amended by the Workforce Investment Act of 1998 (P.L. 105-220), August 7, 1998, and to implement the Department of Health & Human Services' *HHS Policy for Section 508 Electronic and Information Technology (EIT)* issued January 2005.

XIV. SIGNATURES

The parties below from CMS and PID are agreeing to this Agreement on behalf of their organization.

Jeffrey Grant
Deputy Director for Operations
Center for Consumer Information and Insurance Oversight (CCIIO)
Date: _____



Jessica Altman
Insurance Department
Pennsylvania Insurance Department
Date: December 7, 2020

APPROVAL AS TO FORM AND LEGALITY:

By: Amy J. Daubert Date: 12/8/2020
Office of Chief Counsel, Insurance Department

By: Pamela J. Cross Digitally signed by
pcross@pa.gov
DN: cn=pcross@pa.gov
Date: 2020.12.08
14:58:56 -05'00' Date: _____
Office of General Counsel, Commonwealth of Pennsylvania

By: Amy M. Elliott Digitally signed by Amy M. Elliott
DN: cn=Amy M. Elliott, o=Pennsylvania
Office of Attorney General, ou=Chief
Deputy Attorney General,
email=ae Elliott@attorneygeneral.gov, c=US
Date: 2020.12.09 09:43:46 -05'00' Date: _____
Office of Attorney General, Commonwealth of Pennsylvania

APPROVAL FOR AVAILABILITY OF FUNDS:

By: Christina E. Lyons Digitally signed by Christina E.
Lyons
Date: 2020.12.16 08:36:31 -05'00' Date: _____
Comptroller, Department of General Services