

## Strategic Support of Major Health Carrier's Three R's Program Implementation



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The reporting and regulatory requirements of the Affordable Care Act (ACA) have proved complex and rigorous. A large, national health carrier tapped Freed Associates to develop a strategy to set up an operations team to manage data submission and regulatory compliance for the Reinsurance, Risk Corridors and Risk Adjustment programs, also known as 3Rs. The 3Rs are intended to encourage health plans to participate in the public exchanges by limiting the potential underwriting losses in the first years the Act is in place.

Because compliance with the 3Rs requires a new capability, a team had to be conceptualized and created from the ground up to ensure adherence and maximize subsidies available under the program. Freed came in to support the design of the team model, including governance strategy, policies, procedures, and ongoing processes.

After the design phase, Freed oversaw implementation of the permanent client team which would be dedicated to overseeing data submission, error management, and compliance efforts of the ACA's 3Rs. This project included management and monitoring of operation readiness.

**Goal: Create and Install an Operational Model for 3R Submission and Compliance**

Freed was tasked with two primary goals in this 3R project. The first was to develop processes to manage extraction of claims and enrollment data from the client's source systems. The second was to develop processes to manage the submission of this data to the Department of Health and Human Services' (HHS) "EDGE" server. The ultimate objective was to ensure regulatory compliance with ACA guidelines while maximizing receipt of dollars to the health plan under the 3Rs program. Hundreds of millions of dollars would be returned to the health plan if the 3Rs work was successful.

### **Strategy: Establish New Team, Test Performance then Transition to Client**

Because 3Rs ACA reporting and compliance is a recent evolution, the client needed a new team that could be modeled, trained, and tested, then seamlessly integrated into their existing operations. Freed's plan was to develop the operating and organizational models, accomplish the initial data submission to ensure compliance and quality, then transition to the permanent client team once the oversight was complete and QA addressed.

### **Tactics: Identify Roles, Establish Processes and Policies, Then Test**

Freed took a hands-on approach to the 3Rs operational team by managing the model design and implementation, ensuring readiness, completing a submission cycle, adjusting and then handing over the reins through a targeted transition plan. This allowed the client to be free of the burden of development and testing of the process while ensuring the deliverable was flawless and effective. This took place in three phases:

- Phase One – Establish operational model to support 3Rs data submission process by identifying team members required, roles and team structure. Next was setting operational governance strategy, workflow, policies, and procedures.
- Phase Two – Take client through two cycles of 3Rs ACA data submission in December 2014 and April 2015. The focus was on ensuring that oversight process and tools were in place to support Operational Readiness and associated work efforts.
- Phase Three – Transitioned the 3Rs team to the client in May 2015, which involved the execution of a transition plan, contingency plans, and a walk-through of deliverables and plans. This included documents and tools to support ongoing submission efforts.

### **Results: Established Effective 3Rs Team and Transitioned to Client**

Freed was able to establish a team model so the client could fully comply with 3Rs and maximize the potential financial opportunity associated with the program. In addition to the goals met, Freed also outlined capabilities for:

- Maintaining existing functionality and support ongoing core enhancements

- Capitalizing on opportunities for ongoing operational efficiencies
- Responding to new requirements from regulators, customers and organizational needs

Once developed and tested with live data extraction and submission, Freed oversaw a smooth transition of the team to the client along with all documentation and procedures to move forward.

The result for the client was the return of over \$300 million to the health plan due to the thoroughness of the data submission.

Section 1343 of the ACA created the 3Rs program to better spread the financial risk borne by health insurance issuers in order to stabilize premiums and provide issuers the ability to offer a variety of plans to meet the needs of a diverse population. However, compliance with ACA regulations can be more complex and cumbersome than many organizations initially realized. If you're an insurer or health care provider looking for solutions to ensure ACA compliance and control costs in an increasingly competitive marketplace, consulting an external resource with extensive experience may be the best approach.