Louisiana Insurers' Conference

ANNUAL LOUISIANA INSURANCE COMPLIANCE SEMINAR & LEGISLATIVE REVIEW

August 5-7, 2015 Renaissance Hotel | Baton Rouge, LA



Health Rate Filings

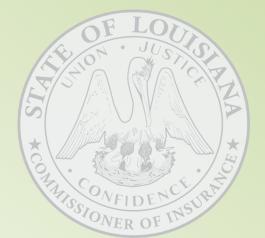
Rate Review Process for Individual and Small Group Markets

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August 6, 2015







Overview

- Rate Review
- Rate Filing Requirements
- Rate Determinations
- Posting of Rate Filings
- SERFF
- SERFF and the Unified Rate Review System
- Anticipated Changes for 2017



Rate Review







Rate Review

La. R.S. 22:1091

- Rates Subject to Review
 - Non-Grandfathered Plans
 - Individual and Small Group Markets
 - Initial Filings and Any Rate Changes
 - Student Health Plans
 - Transitional Plans
 - Only rate changes





Rate Review

La. R.S. 22:1091

- Rates Not Subject to Review
 - Large Groups
 - Limited Benefits
 - Grandfathered Plans









La. R.S. 22:1092 A

- Health issuers must file every proposed rate to be used with all of its particular products with the LDI and CMS
- File Rates in SERFF
 - Bulletin 2015-04 Deadlines for Form & Rate Filings
 - Directive 206 Instructions for Rate Filings





Directive 206 and 45 C.F.R § 154.215

- Small Group and Individual
 - The Rate Filing Justification must consist of the following parts:
 - URRT (Part I)
 - Consumer Narrative (Part II) (For rate increases 10% or more)
 - Actuarial Memorandum (Part III)
 - Redacted Actuarial Memorandum
 - Small Group and Individual Rates Disclosure and Review Checklist
 - Additional Actuarial Data Template





45 C.F.R § 154.215 (e) and URRT instructions page 47

- Consumer Narrative
 - Scope and range of the rate increase
 - Financial experience of the product
 - Changes in medical service costs
 - Changes in benefits
 - Administrative costs and anticipated profits
- If Consumer Narrative does not comply, CMS requires the issuer to resubmit the narrative and upload the URRT again





45 C.F.R § 154.215 (h) – Public Disclosure

- Redacted Actuarial Memorandum
 - CMS requires a redacted version be submitted to CMS and also to state
 - Redacted version should include all information in the un-redacted version that is not a trade secret or confidential commercial or financial information
 - If redacted version is not provided, CMS will post the un-redacted actuarial memorandum





Transitional Filings for Rate Increases of 10 Percent or More

- Must be sent to LDI and CMS (Rate Review Justification System)
- Must include:
 - Part I Older version of URRT
 - Part II Consumer Narrative
 - Part III Actuarial Memorandum
 - Redacted Actuarial Memorandum





Transitional Filings for Rate Increases Below 10 Percent

- Submit to LDI via SERFF
 - Statement, explanation, justification and demonstration of the rate increase
 - Sufficient relevant and current data that a qualified actuary can confirm the rate increase is below the 10 percent threshold
 - Signed statement attesting to the accuracy of the rates





- 10 percent or more requires submission to CMS
- Submissions must include:
 - Actuarial memorandum with sufficient clarity so that another actuary could make an objective appraisal of the reasonableness of its pricing





- Submissions must include (Continued):
 - An exhibit which states the plan designs offered and Metal AV of each plan
 - Comparison of the proposed rates to the current rate schedule
 - Past experience for the previous three years
 - Should include, at a minimum, the earned premium, incurred claims, loss ratio and exposures





- Non-Benefit Expenses and Profit and Risk
- Compare projected retention assumptions in current filing to assumption used in the previous filing, and reconcile any differences
 - e.g., Administrative Expenses, Profit and Risk Load, Taxes, etc.





- Medical Loss Ratio (MLR)
 - Provide derivation of projected loss ratio before and after MLR adjustments
 - Should be calculated in accordance with Part 158 of Title 45 of the Code of Federal Regulations and other applicable laws
 - MLR which include margins or variables not provided for in federal regulations is not permissible









- La. R.S. 22:1092 D
 - Rates are reviewed to determine whether rates are in compliance

with Louisiana and

federal law

La. R.S. 22:1092 E

- Rates will either be:
 - Not Unreasonable
 - Unreasonable





La. R.S. 22:1092 F

- The following criteria is used to determine if a rate is unreasonable:
 - Rate is excessive
 - Rate is unfairly discriminatory
 - Rate is unjustified
 - Rate does not otherwise comply with the law





La. R.S. 22:1092 G 1-12

 Review of the proposed rate takes into consideration a nonexhaustive list of factors to determine if the rate is unreasonable





La. R.S. 22:1092 H & 45 C.F.R. § 154.215 (h)

- LDI and CMS will post rates online
- Postings will include:
 - Effective date of proposed rate increase
 - Amount of proposed rate increase
 - Submission date
 - Whether on or off Exchange





La. R.S. 22:1092 H & 45 C.F.R. § 154.215 (h)

- Postings will include (Continued):
 - Consumer narrative
 - LDI will also include a brief narrative (75 words or less)
 - Redacted actuarial memorandum
 - Place for public to submit comments





La. R.S. 22:1092 | & 45 C.F.R. § 154.301 (b) (ii)

- LDI and CMS will post final rate filing justifications online
- Postings will include:
 - All final rate increases
 - Including those not subject to review
 - Final rates will be published on a uniform date, not on a rolling basis
 - Posting date for all rate filings will be the first day of Annual Open Enrollment





- April 14, 2015 CMS posted guidance for uniform posting requirements
 - http://www.cms.gov/CCIIO/Resources/Regulation
 s-and-Guidance/Downloads/Guidance-on-ratereview-timeline-final.pdf



System for Electronic Rate and Form Filing (SERFF)





General Information

- If the filing includes both Forms and Rates:
 - Make filing type in SERFF "Form/Rate"
- If Rate only
 - No filing fee
- Include Exchange intentions
 - Answer question as you would in CMS
 - Yes or No





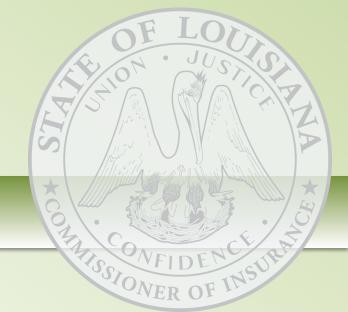
Rate/Rule Schedule Tab

- Include past rate change
- Include all company rate information
- Complete everything under Rate Review Detail
 - Including:
 - HIOS Product ID
 - HIOS Submission ID
 - Number of Covered Lives



SERFF and the Unified Rate Review System (URR)







SERFF and the URR

Overall Rate Impact percentage in SERFF
 MUST be same percentage in the URR

 If a change was made to a document in SERFF that was required by CMS, the document
 MUST also be submitted to the URR





SERFF and the URR

 LDI can now unlock the URR so that changes can be made

 Once changes are made, you will need to validate the filing





SERFF and the URR

 The DOI can now unlock the URR so that changes can be made.

 Once changes are made, you will need to validate the filing.



Rate Changes for 2017







Rate Changes for 2017

 Rate increases for threshold calculation will be at the plan level rather than the product level



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August 6, 2015



