

Louisiana Insurers' Conference

**ANNUAL LOUISIANA
INSURANCE COMPLIANCE
SEMINAR & LEGISLATIVE REVIEW**

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



COMPLIANCE CONNECTIONS

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

Rate Filing Requirements





Rate Filing Requirements

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



Rate Filing Requirements

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



Rate Filing Requirements

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



Rate Filing Requirements

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



Rate Filing Requirements

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



Rate Filing Requirements

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



Rate Filing Requirements

Student Health Plans

- 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



Rate Filing Requirements

Student Health Plans

- 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



Rate Filing Requirements

Student Health Plans

- 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.



Rate Filing Requirements

Student Health Plans

- 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

Rate Determinations





Rate Determinations

- 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



Rate Determinations

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



Rate Determinations

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



Posting Rate Filings

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



Posting Rate Filings

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



Posting Rate Filings

La. R.S. 22:1092 I & 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



Posting Rate Filings

- April 14, 2015 CMS posted guidance for uniform posting requirements
 - <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Guidance-on-rate-review-timeline-final.pdf>

System for Electronic Rate and Form Filing (SERFF)





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



SERFF

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

