

LOUISIANA INSURERS' CONFERENCE
ANNUAL LOUISIANA INSURANCE COMPLIANCE SEMINAR &
LEGISLATIVE REVIEW

August 3-5, 2016 | Hotel Monteleone New Orleans

LIC is Charting the Course

Health Rate Review

Health Rate Review for Individual
and Small Group Markets

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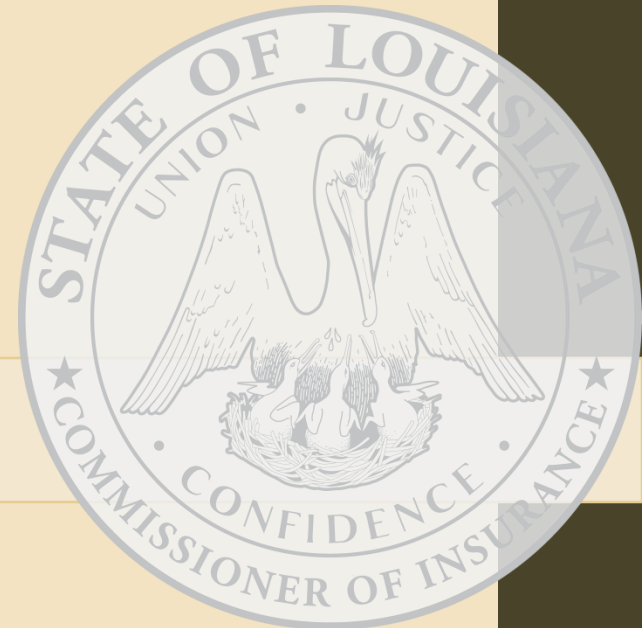
August 4, 2016



Topics

- Health Rate Review?
- Health Rate Filing Requirements
- Health Rate Review Determinations
- Posting of Health Rate Filings
- System for Electronic Rate and Form Filing (SERFF)
- SERFF and the Unified Rate Review System (URR)

Health Rate Review?





Health Rate Review?

La. R.S. 22:1091

- Rates Subject to Review
 - Initial Filings and Any Rate Changes
 - Non-grandfathered Plans
 - Individual and Small Group Plans
 - Student Health Plans
 - Transitional Plans (Rate Changes Only)

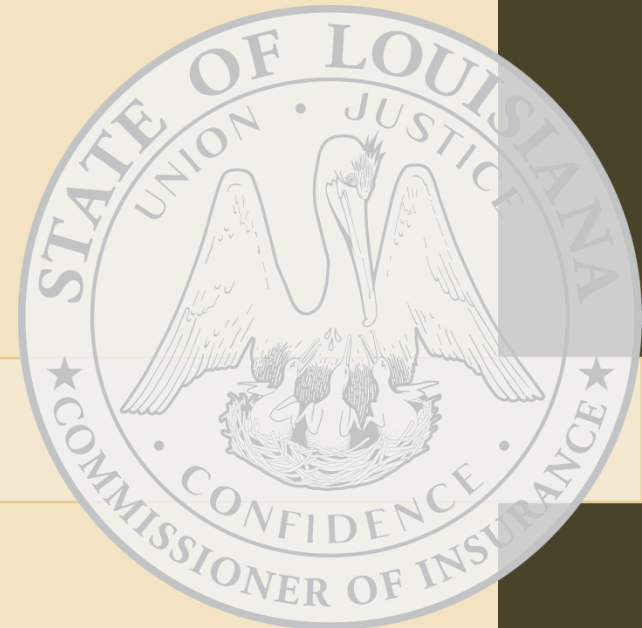


Health Rate Review?

La. R.S. 22:1091 (cont'd)

- Rates Not Subject to Review
 - Large Group Plans
 - Limited Benefit Plans
 - Grandfathered Plans

Health Rate Filing Requirements





Health Rate Filing Requirements

- **Bulletin 2016-02 (issued April 13, 2016)**
 - **Deadlines for Health Insurance Issuer and HMO Submissions of Form and Rate Filings & Plan Management Binders**
 - All PY 2017 rate filings were due May 11, 2016, whether on or off FFM or FF-SHOP.
 - FYI - The contents of the Additional Rating Template for PY 2017 contained changes from the 2016 template.



Health 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.
- Directive 206 (issued April 14, 2014)
 - Instructions for Submission and Requirements Relative to Health Insurance Rate Filing in the Small Group and Individual Markets and the Review of Rates



Health Rate Filing Requirements

Directive 206 and 45 C.F.R. § 154.215

- Small Group and Individual 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



Health Rate Filing Requirements

45 C.F.R. §154215(e) and URRT instructions

- 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 the Consumer Narrative does not comply, CMS requires the issuer to resubmit the narrative and upload the URRT again.



Health Rate Filing Requirements

Transitional Filings for Rate Increases of 10% or More:

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



Health Rate Filing Requirements

Transitional Filings for Rate Increases Below 10%:

- 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% threshold
 - Signed statement attesting to the accuracy of the rates



Health Rate Filing Requirements

Student Health Plans

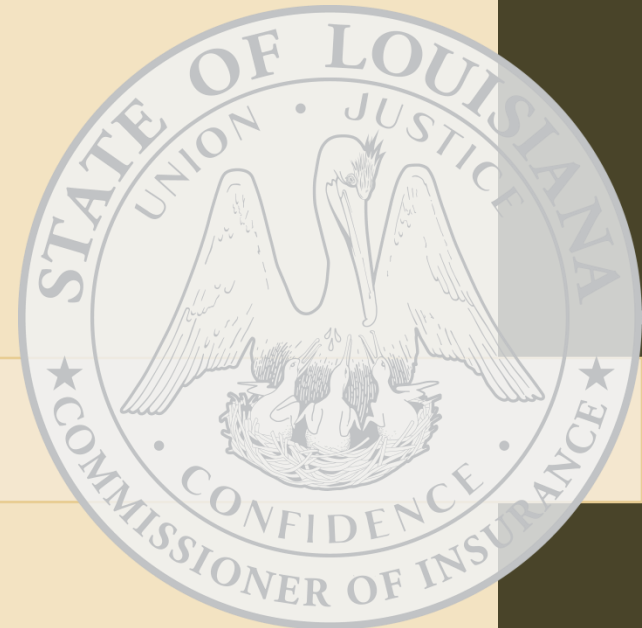
- 10 % or more requires submission to CMS
- Submissions must include:
 - Actuarial memorandum with sufficient clarity so that another actuary could make an objective appraisal of the reasonableness of its pricing
 - An exhibit which states the plan designs offered and Metal AV of each plan
 - Comparison of proposed rates to the current rate schedule



Health Rate Filing Requirements

- Submissions must include (continued):
 - 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
 - Comparison of 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
 - Provide derivation of projection loss ratio before and after MLR adjustments
 - Should be calculated in accordance with 45 C.F.R. § 158 and other applicable laws
 - MLRs which include margins or variables not provided for in federal regulations are not permissible

Health Rate Review Determinations





Health Rate Review Determinations

- La. R.S. 22:1092 D
 - Rates are reviewed to determine whether they are in compliance with Louisiana and federal law
- La. R.S. 22:1092 E
 - Rates will either be:
 - Not Unreasonable
 - Unreasonable



Health Rate Review 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

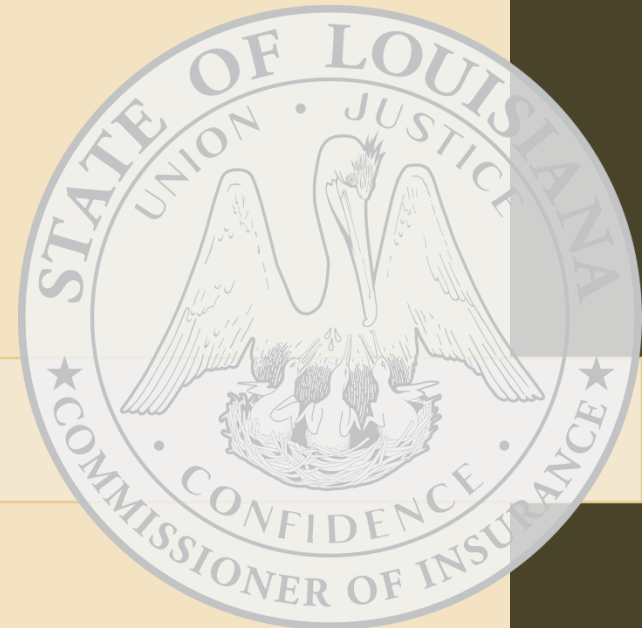


Health Rate Review Determinations

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, along with any other factors established by federal rule or regulation

Posting of Health Rate Filings





Posting of Health Rate Filings

L.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 of Health Rate Filings

L.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 of Health Rate Filings

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

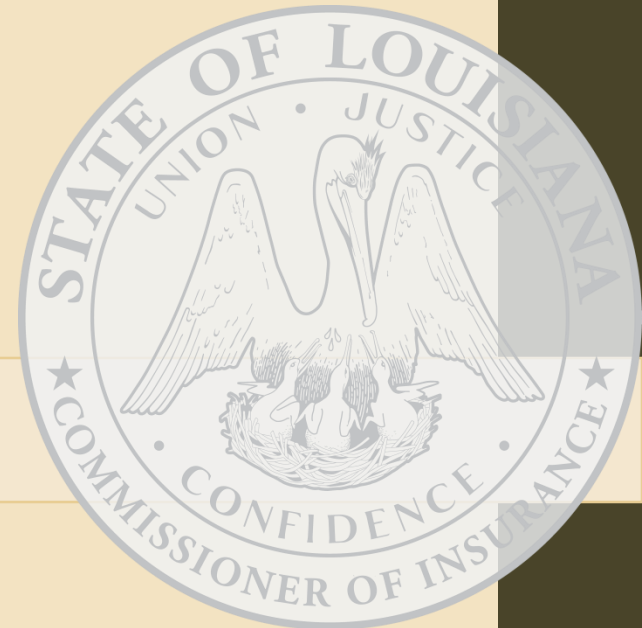
- LDI and CMS will post final rate filing justifications online
- Postings will include:
 - All final rate increases
 - Including those not subject to review (less than 10%)
 - Final rates will be published on a uniform date, not on a rolling basis
 - Posting date for all rate filings will be the first day of Annual Open Enrollment (November 1, 2016 this year)



Posting of Health Rate Filings

- February 29, 2016 CMS posted guidance for uniform posting requirements:
 - <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Final-rate-filing-justification-bulletin-2-29-16.pdf>

System for Electronic Rate and Form Filing (SERFF)





System for Electronic Rate and Form Filing (SERFF)

General Information

- If the filing includes both Forms and Rates:
 - The filing type in SERFF should be “Form/Rate”
- If the filing is Rate only
 - There is no filing fee
- Please complete “Include Exchange Intentions?”
 - The answer should be either “Yes” or “No” only.

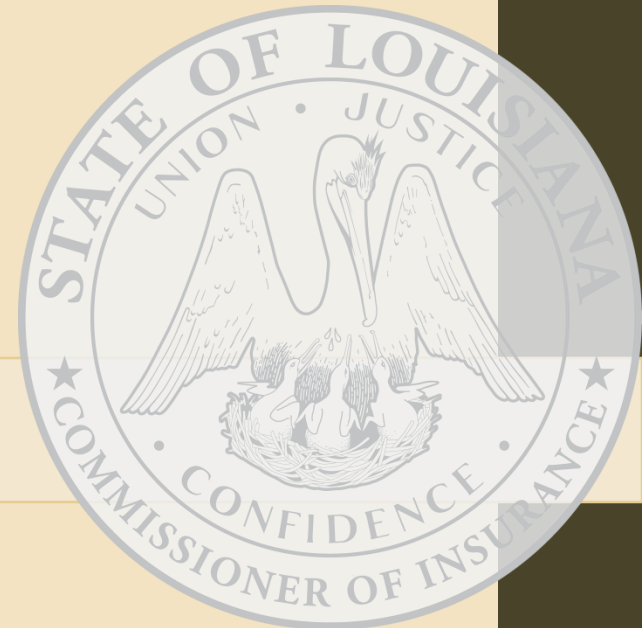



System for Electronic Rate and Form Filing (SERFF)

Rate/Rule Schedule tab

- Include past rate change
- Include all company rate information
- Complete information in Rate Review Detail
 - This includes:
 - HIOS Product ID
 - HIOS Submission ID
 - Number of Covered Lives


SERFF and the Unified Rate Review System (URR)





SERFF and the Unified Rate Review System (URR)

- Overall Rate Impact percentage amount in SERFF **MUST** be the same percentage rate 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 Unified Rate Review System (URR)

- LDI will unlock the URR so that any changes can be made.
- Once changes are made, the issuer will need to validate the filing.

Questions?

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August 4, 2016

