

COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN
COMMISSIONER



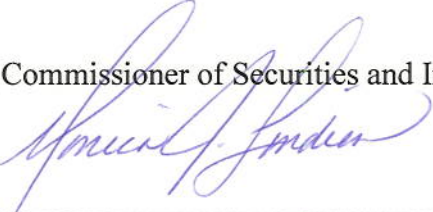
OFFICE OF THE MONTANA
STATE AUDITOR

ADVISORY MEMORANDUM

To: All Major Medical Health Insurers in the Individual and Small Employer Group Market

From: Monica J. Lindeen, Commissioner of Securities and Insurance

Date: June 12, 2013



Rate and Provider Network Data Required for 2014 Health Insurance Rates and Form Filings for the Individual and Small Employer Group Market

Rates

The March Advisory Memorandum on 2014 Form Filings advised health insurers about the requirements and timeline for form filings and templates. That memorandum instructed health insurers in the individual and small employer group market to file the Uniform Rate Review Template (URRT) in both the System for Electronic Rate and Form Filing (SERFF) and Health Insurance Oversight System (HIOS), as required by federal law. On April 30, 2013, The Office of the Commissioner of Securities and Insurance (CSI) followed up with a letter advising that because the 2013 Montana legislature passed HB 87, the Center for Consumer Information and Insurance Oversight (CCIIO) determined that the CSI is the effective rate reviewer for all 2014 rates in the individual and small employer group markets. 2013 rate increases should still be filed with the Center for Medicare Medicaid Services (CMS) through HIOS.

Because of other deadlines imposed by federal law, CSI has begun reviewing 2014 rates for all issuers who wish to sell in the federally facilitated marketplace (FFM). That review must be completed by the federal deadline of July 31, 2013. CSI has hired consulting actuaries (Leif Associates) to assist with the review of 2014 health insurance rates. Some data, in addition to that contained in the URRT, Part III and the supporting actuarial memorandum, may be needed in order to enable the actuaries to complete rate review pursuant to HB 87. CSI actuaries will request that additional data as needed if the required information is not fully revealed in the URRT, Part III or in the annual statement or supplemental healthcare reporting blank filed with

the CSI. Please respond to their inquiries promptly so that rates can be reviewed in a timely manner.

If additional rate data is requested, it should be added to the binder in SERFF. Due the short review timelines, the fact that these are all new plans, and to reduce the administrative burden to insurers, separate associated rate filings are not required as part of the 2014 rate review process. Separate rate filings will be required for 2015 rate reviews.

If an insurer asserts that any part of a rate filing is confidential, appropriate affidavits must be filed, as instructed in the Advisory Memorandum on Confidentiality of Filings dated July 8, 2011, found on the CSI website. Form and rate filings will be treated as confidential until the review is complete. If trade secret confidentiality is alleged for any part of a rate or form filing, please submit your affidavits as soon as possible, but not later than July 1, 2013. Affidavits must be detailed and specific to certain information contained in a filing. "Blanket" assertions of confidentiality are not effective. Pursuant to Section 3 of HB 87, parts of rate filings determined by the Commissioner to be legitimate trade secrets under Mont. Code Ann. 30-14-402 will be kept confidential, if requested.

Health insurance rates are subject to a certain degree of transparency pursuant to federal law. The FFM will make its own determination regarding what rating information is public, and CMS will also be determining what parts of the URRT filed in HIOS constitute public information.

Network Adequacy

In order to assess compliance with state and federal network adequacy laws for "PPO" and "PPO type" health plans offered in 2014, health insurers must provide the CSI with a complete provider directory for the each health plan offered for sale in Montana. At this point in time, this information must be submitted in an Excel spreadsheet and include all "in network" licensed healthcare providers that are actively practicing medicine. The location (city and zip code), the license number, the provider type and any identified specialty must also be included. A complete list of every hospital and other medical facility (including stand-alone residential treatment centers) in a separate Excel spreadsheet must also be provided. Health plans seeking qualified health plan (QHP) certification must submit the necessary information no later than June 21. All other health plans must submit the information at the time new policy forms are filed. If new policy forms are not being filed for certain plans, provider information must still be supplied for all PPO type products. At this time, the excel spreadsheets should be sent to Christina Goe, General Counsel at cgoe@mt.gov. Further instructions on the network adequacy review process will be provided later this summer. Plans that are defined under Chapter 31 as

“HMO” plans must still seek a network adequacy determination through the Montana Department of Public Health and Human Services.

All QHP issuers must include a certain number of essential community providers (ECPs) in their networks. ECPs are defined in federal law as those providers that serve low-income and medically underserved individuals. The list of ECPs published by CMS for Montana is incomplete. The complete list is posted on the CSI website and attached here. The commissioner has determined that the federal network adequacy standard that requires only 20% of all ECPs to be “in network” is not adequate for Montana. QHP issuers should strive to meet a standard that includes at least 80% of all ECPs on CSI’s published list. If a health plan is unable to meet that standard, CSI will review the adequacy of the ECP network and make a determination on a case by case basis. More guidance on network adequacy determinations under Title 33, Chapter 22, and Part 17 will be issued later this summer.

The ECP list includes county health departments that offer immunizations. In some counties, the county health department is the only medical provider that offers immunizations. If an issuer encounters difficulties when contracting with county health departments, please contact the CSI for further instructions. If a QHP issuer does not include all Indian health care providers in its networks, it must submit proof that a provider contract was offered to and refused by the Indian provider.

Health plans that are determined to have an “inadequate” network are subject to the 25% reimbursement differential beginning October 1, 2013. Using proprietary continuance tables and the plan cost sharing parameters, the CSI will determine the average expected member responsibility under the plan separately for in and out of network. If the expected member share out of network exceeds the expected member share in network by more than 25%, then the plan design fails the test. In and out of network cost sharing may not be accumulated separately.

Non QHP Health Plan Rate and Form Filings for 2014

The following templates will be required for individual and small employer group health plan form and rate filings that are offered by non-QHP issuers “off exchange”: plan/benefit template, rate data template, prescription drug template, business rule template, and uniform rate review template. These templates must be filed in a “binder” in SERFF and go through the validation processing order to be successfully submitted. All required policy and certificate forms, including the summary of benefits and coverage (SBC) must be filed first by attachment in a regular SERFF filing. Rates will not be reviewed until the necessary templates have been filed in a binder in SERFF. All health plans offered for sale in Montana in 2014 must be revised, re-filed

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and approved, including the rates for those plans. Health plans forms will not be approved until the required templates have been reviewed and approved.

All 2014 form filings by non-QHP health insurers selling health plans outside the exchange must be filed no later than August 15, 2013.

Follow up

There will be an “all filers” conference call on June 18 at 1:30 PM MST; please call 1-877-810-9414, Access Code: 279536. You may also attend in person at the CSI office at 840 Helena Avenue in Helena. This call will provide an opportunity for feedback and questions on this memorandum and the 2014 rate and form filing process in general. If you have form filing questions that cannot be addressed during that call, please send them to Rosann Grandy, Forms Bureau Chief at 406-444-2040 or rgrandy@mt.gov. Rate filing questions or general legal questions should be sent to Christina Goe, General Counsel at 406-444-2040 or cgoe@mt.gov.