

Division of Insurance

Health Benefit Plans Plan Year 2019 Rate Filing Guidance



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Filing Submission Deadlines

	Rates	Forms	Binders
Individual Plans - QHP Carriers	June 8th	July 13th	June 8th
Individual Plans - Non-QHP Carriers	June 8th	July 13th	July 13th
Small Group Plans	July 13th	July 13th	July 13th



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NV Rate Review Process for 2019

- All rate filings will be reviewed by consulting actuaries and DOI staff
 - Final decision by the Commissioner
- Guidance for Review:
 - State rating standards - NRS 686B
 - Compliance with federal rating standards, actuarial standards of practice (ASOPs)
 - Requirements for effective rate review
 - Actuarially equivalent EHB substitutions
 - Plan Actuarial Value



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2019 Rate Review Timeline – Individual Carriers

- June 8th Rate filings due
- June 15th DOI sends 1st objection letter*
- June 22nd Carriers respond to 1st objection letter
- June 29th DOI sends 2nd objection letter*
- July 9th Carriers respond to 2nd objection letter
- July 16th DOI sends 3rd objection letter*
- July 23rd Carriers respond to 3rd objection letter
- August 6th DOI makes final rate determinations
- August 13th Carriers send modified rates to the DOI
- August 15th QHP carriers final data transfer

*If needed

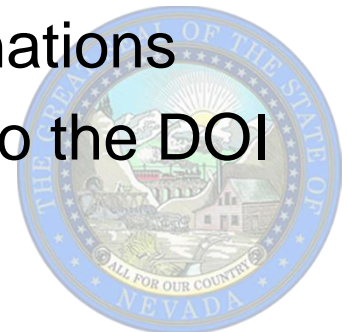


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2019 Rate Review Timeline – Small Group Carriers

- July 13th Rate filings due
- July 27th DOI sends 1st objection letter*
- August 3rd Carriers respond to 1st objection letter
- August 10th DOI sends 2nd objection letter *
- August 17th Carriers respond to 2^o objection letter
- August 24th DOI sends 3rd objection letter *
- August 31st Carriers respond to 3rd objection letter
- September 17th DOI makes final rate determinations
- September 24th Carriers send modified rates to the DOI

* If needed



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Submission Requirements

- All documents **MUST** be submitted in SERFF
 - 2019 Unified Rate Review Template (URRT) - Part I (confidential)
 - Consumer Disclosure – Part II
 - Actuarial Memorandum - Part III, with exhibits (confidential)
 - Format must follow the order of the 2019 URR instructions
 - Actuarial Memorandum – Part III (redacted)
 - Public version - any information that is a trade secret or confidential commercial or financial information should be redacted



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Submission Requirements, Cont'd

- Rate Data Template
- Plan & Benefits Template
- 2019 Nevada Rate Filing Checklist
- AV Calculator screen shots and support for unique plan designs
- 2019 NV rate filing template
- Documentation for \$ limit substitutions



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Basis for 2019 Filings

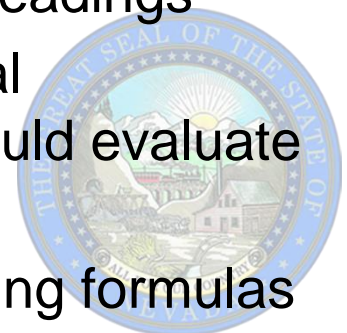
- The Affordable Care Act (ACA)
 - Includes current state and federal guidance
- Actuarial Value (AV) Calculator for 2019
- Final Notice of Benefit and Payment Parameters for 2019
- 2019 Nevada Rate Filing Template and Instructions
- 2019 Unified Rate Review (URR) Instructions



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Formula for Timely Approvals

- Compliance with 2019 federal and state guidance
- Complete, well-documented filings:
 - Version 4.3 of the URRT completed in accordance with federal guidelines
 - Actuarial memorandum: Detailed description of methods and assumptions, including changes since prior year, with supporting exhibits
 - Format in order of URR instructions, with same headings
 - Provide sufficient detail in narrative and numerical demonstrations so that another health actuary could evaluate the submission
 - Provide all supporting exhibits in Excel with working formulas



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Formula for Timely Approvals, Cont'd

- Review previous years' objection letters and ensure that issues raised are addressed in the 2019 filing
- Consistency across all information submitted for the single risk pool
 - URRT (Part I)
 - Consumer disclosure (Part II)
 - Actuarial memorandum (Part III)
 - Plan management templates
 - 2019 Rate filing template
- Any questions, contact the DOI



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Common Areas of Objections in 2018

- Insufficient documentation (narrative and quantitative) of:
 - Rate increase calculation, components of rate increase
 - Population risk mortality factor
 - Trend development, other projection factors
 - Manual rate development
 - Paid to allowed ratio
 - Geographic factor development
 - Risk adjustment development
 - Induced Utilization
 - Calibration calculation



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Nevada's Rating Parameters (No Change)

- Age curve 3:1 federal default
- Geographic rating areas:
 1. Clark and Nye counties
 2. Washoe county
 3. Carson City, Lyon, Douglas and Storey counties
 4. All other counties
- Maximum tobacco rating factor allowed - 1.5
 - may vary by age
- Separate individual and small group risk pools



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2019 Exchange Fee

- Exchange Fee of 3.15 percent of premium for QHPs and SADPs
 - No change from 2018



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Actuarial Value – AV Calculator

- Actuarial support should include:
 - A description and explanation of any differences between results from the Plans & Benefits template and stand-alone AV calculator for unique plan designs
 - A description of any features not included in the AV calculator
 - Actuarial certification of AV calculator results



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Actuarial Value - Unique Plan Design

- Actuarial support should include:
 - Reasons plan design incompatible with AV calculator
 - Design differences cited must be material
 - Identification of alternative method pursuant to:
 1. 45 CFR 156.135(b)(2) or
 2. 45 CFR 156.135(b)(3)
 - Standardized plan population data used
 - Description of data, assumptions and methods used
- May use the FFM's Unique Plan Design Supporting Documentation and Justification form



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Plan / Product

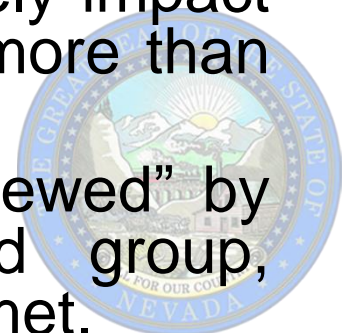
- Any set of plans that share a network type and a set of benefits is a product
 - Benefit variability within a product will not be allowed
 - Plans within a product vary by cost sharing structure, network, formulary or service area
 - More than one cost-sharing structure within a plan will not be allowed



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Uniform Modification Guidelines

- A plan is considered to be “Renewing” (as opposed to “New”) if:
 - Plan continues to cover at least a majority of the same service area
 - Plan continues to cover a majority (at least 50%) of the same provider network
 - Plan has same cost-sharing structure except for:
 - Changes in cost and utilization of care
 - Changes to maintain the same metal tier level
 - Changes in product benefits that cumulatively impact rate for any plan within the product by no more than 2%
 - Plan terminated by existing carrier but “renewed” by new carrier within the same controlled group, assuming all other requirements above are met.



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URRT Plan Mapping Guidance

- Issuers must identify plans as New, Renewing or Terminating
- Plan mapping instructions have been updated to reflect changes in recent federal guidance
- The following four slides provide examples of sample scenarios
 - See URR instructions for further detail on these scenarios and for additional scenarios



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Example: New Plan

Example: Plan A is created and no existing members are mapped to it.

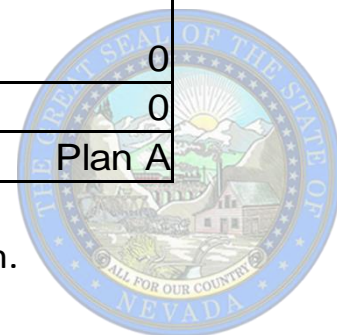
Year	Plans Available
2017	
2018	
2019	A

Section I: General Product and Plan Information

Plan Name	Plan A
Plan Category	New
Effective Date of Proposed Rates	01/01/2019
Rate Change % (over prior filing)	0
Cum'tive Rate Change % (over 12 mos prior)	0

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)	0
Section III: Experience Period Information	0
Section IV: Projected (12 months following effective date)	Plan A

Plan A is an entirely new plan with no existing members being mapped into the plan.



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Terminating Plans to a New Plan

Example: Plans A, B and C are terminated and being mapped to a new Plan D.

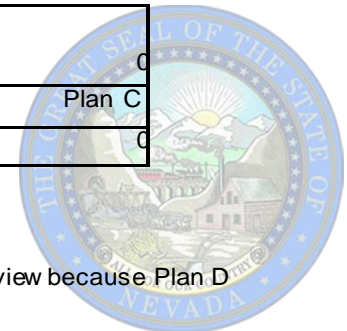
Year	Plans Available		
2017	A	B	C
2018	A	B	C
2019	D	D	D

Plan Name	Plan D	Terminated Plan B	Terminated Plan C
C Plan Category	New	Terminated	Terminated
Effective Date of Proposed Rates	01/01/2019	01/01/2018	01/01/2018
Rate Change % (over prior filing)	Plans A,B,C => Plan D	0	0
Cumulative Rate Change % (over 12 mos prior)	Plans A,B,C => Plan D	0	0

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)	Plan A,B,C => Plan D	0	0
Section III: Experience Period Information	Plan A	Plan B	Plan C
Section IV: Projected (12 months following effective date)	Plan D	0	0

Plan A is shown as mapped to Plan D because Plan A has the highest enrollment of plans mapped to Plan D.

Rate Change is based on weighted average of Plans A,B,C to Plan D; but will not trigger a product threshold increase review because Plan D is new.



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Terminating Plans to Renewing Plan

Example: Plans A and B are being mapped to renewing Plan C.

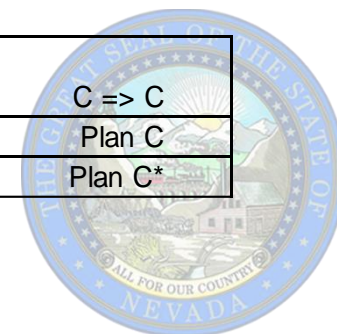
Year	Plans Available		
2017	A	B	C
2018	A	B	C
2019	C	C	C

Plan Name	Terminated Plan A	Terminated Plan B	Plan C
Plan Category	Terminated	Terminated	Renewing
Effective Date of Proposed Rates	01/01/2018	01/01/2018	01/01/2019
Rate Change % (over prior filing)	0	0	C => C
Cum'tive Rate Change % (over 12 mos prior)	0	0	C => C

Section I: General Product and Plan Information

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)	0	0	C => C
Section III: Experience Period Information	Plan A	Plan B	Plan C
Section IV: Projected (12 months following effective date)	0	0	Plan C*

Plan C* projection information would include mapped members from Plans A and B.



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Renewing to a new issuer in the same Controlled Group

Example: Issuer A's Plan 1 is being mapped to Issuer B's Plan 1. Issuers A and B are both members of the same controlled group.

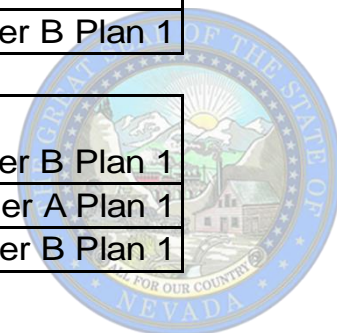
Year	Plans Available
2017	Issuer A Plan 1
2018	Issuer A Plan 1
2019	Issuer B Plan 1

Section I: General Product and Plan Information

Plan Name	Issuer B Plan 1
Plan Category	Renewing
Effective Date of Proposed Rates	01/01/2019
Rate Change % (over prior filing)	Issuer A Plan 1 => Issuer B Plan 1
Cum'tive Rate Change % (over 12 mos prior)	Issuer A Plan 1 => Issuer B Plan 1

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)	Issuer A Plan 1 => Issuer B Plan 1
Section III: Experience Period Information	Issuer A Plan 1
Section IV: Projected (12 months following effective date)	Issuer B Plan 1

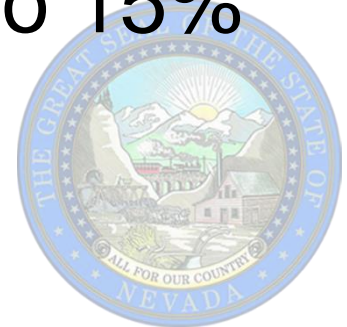
Issuer A and Issuer B are part of the same issuer's "Controlled Group."



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Threshold Rate Increase

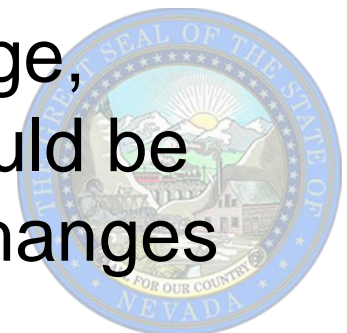
- Under federal law, rate increases above the default threshold must be reviewed and a written justification of the rate increase must be submitted for federal review
- The threshold increased from 10% to 15% for 2019



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Calculating the Threshold Rate Increase

- Measure the premium change based on an issuer's current population compared to that same population if the new rates were implemented
- Not intended to capture demographic changes, such as a member aging up or moving to a new geographic location
- Changes to all rating factors, including age, rating area and tobacco use factors, should be captured in the calculation of plan rate changes



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Calculating the Threshold Rate Increase, Cont'd

- Include all plans, even those with no rate change or with rate decreases
- Calculate average change weighted by premium



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Example: Calculating the Threshold Rate Increase

Plan	Current Annual Premium	Annual Premium Based on Proposed Rates	Rate Change
A	\$10,000,000	\$11,000,000	10.00%
B	\$20,000,000	\$19,000,000	-5.00%
C	\$15,000,000	\$18,000,000	20.00%
D	\$ 5,000,000	\$ 5,000,000	0.00%
Total	\$50,000,000	\$53,000,000	6.00%

Weighted average rate change: $(\$53M/\$50M)-1 = 6.00\%$



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Components of Rate Change

- At a minimum, include the following components of the rate change:
 - Change in experience
 - Trend
 - Change in credibility weighting
 - Change in morbidity
 - Change in benefits
 - Change in plan level adjustments (list each change separately)
 - Change in risk adjustment



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Components of Rate Change, Cont'd

- Change in admin & profit
- Change in taxes & fees
- Change in calibration
- Change in area factors
- Change in tobacco factor
- Change in age factors



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Risk Adjustment

- Clearly document the methodology, data, assumptions used to determine the estimated adjustment to the index rate
- Reflect planned changes to the risk adjustment program for 2019



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Index Rate Development Process



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Index Rate Development

Experience period allowed claims for the single risk pool

- Nevada experience for all non-grandfathered plans in existence during experience period
- Prior to adjustments
- Allowed claims include claims incurred but not paid (IBNP), does not include adjustments for premium stabilization plans
 - Describe methodology for estimating IBNP, including completion factors and adjustments
 - Provide a reconciliation of experience period claims shown on the URRT starting from the claims shown on the 2017 Supplemental Healthcare Exhibit (SSHCE). Provide support for any adjustments made to the data shown on the 2017 SSHCE.
- Use Nevada experience only



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Index Rate Development

- Projected claims adjustments:
 - Commercial reinsurance
 - Large claim pooling
- Projection factors:
 - Trend by service category (Excel Exhibit)
 - Medical and Rx separately
 - Change in morbidity
 - Demographic changes
 - Benefit changes



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Development of Credibility Manual Rate

- If Nevada base period experience is not fully credible, other experience may be used to develop manual rate
- Describe methodology, data, adjustments, assumptions used to develop manual rate
- Provide an exhibit with numerical demonstration of the manual rate development



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Credibility

- Provide support for the credibility % applied to the projected experience of the single risk pool
- Consider ASOP #25
 - Not sufficient to use “informed actuarial judgment” rationale without additional support
 - Traditional 2,000 life credibility threshold may not be appropriate



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Projected Index Rate

Defined as the EHB portion of an issuer's estimated total projected allowed claims experience PMPM of the non-grandfathered plans within a market

- Demonstrate development of projected index rate from credibility adjusted claims



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Market Adjusted Index Rate

Allowed market-wide adjustments:

- Risk adjustment
 - Provide support for estimated risk transfer payments
 - Include estimated receipts under new....
- Exchange fees
 - Based on 3.15% fee and projected Exchange enrollment



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Plan Level Rate Adjustment

Demonstrate plan level adjustments to the market adjusted index rate:

- Cost sharing design
- Provider networks, utilization management
- Induced demand (should not reflect health status differences)
- Benefits in excess of EHBs
- Catastrophic plan adjustment
- Non-benefit expenses



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Consumer Adjusted Premium Rate

- Calibration of Plan Adjusted Index Rate for age, geography and tobacco
 - Compare with calculation in worksheet 6 of the 2019 NV rate filing template
- Rating factors Applied:
 - Age Tobacco
 - Variation by age is allowed, must be supported
 - Geography
 - Should be based on differences in unit cost, not on health status differences



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Actuarial Certifications

- Metal AV
- Appropriateness of the EHB portion of premium (provided on 2nd tab of URRT and Plan Attributes section of the Plans and Benefits Template)
- Projected Index rate
- Plan adjusted index rate
- EHB Substitutions
- Geographic factors
- Compliance with state and federal laws and regulations
- Compliance with ASOPs



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ASOP Certification

The actuary must certify that each rate filing has been prepared in accordance with the relevant ASOPs. At a minimum, the following need to be referenced:

- ASOP No. 5, Incurred Health and Disability Claims
- ASOP No. 8, Regulatory Filings for Rates and Financial Projections for Health Plans
- ASOP No. 12, Risk Classification
- ASOP No. 23, Data Quality
- ASOP No. 25, Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages
- ASOP No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans
- ASOP No. 41, Actuarial Communications
- ASOP No.50, Determining Minimum Value and Actuarial Value Under the Affordable Care Act



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Small Group Issues

- Tobacco rating: applied separately, on a per-member basis
- Quarterly rate updates allowed:
 - Standardized rate effective dates (January 1, April 1, July 1, October 1). No monthly trend adjustments
- Filings due the 15th of the 4th month prior to effective date
 - Include in the rate filing:
 - New URRT – Part I
 - New Actuarial Memorandum- Part III
 - HIOS submission of Parts I and III
 - Rate Data Template
 - Plans may be added or removed quarterly



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Division of Insurance Website

- The Division will not post proposed 2019 rates
- Approved 2019 rates will be posted on October 2nd
- Small group quarterly rates will not be posted after 2018
- Clean copies of the Schedule of Benefits (SOB) and Evidence of Coverage (EOC) for each approved plan in the individual market must be submitted for display on the DOI website no later than October 19th.
- The approved SOB and EOC for each plan will be posted by October 26th.
- Website will generally use “Plan Marketing Name” from Plans & Benefits Template

