

Division of Insurance

2020 Health Benefit Plan and SADP Filing Guidance

- Rates -

May 15, 2019



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Schedule of Webinars

- May 15th 9:00AM – Rates, Forms and Network Adequacy
- May 16th 12:30PM – Rate Filings (new state template, etc)
- May 20th 9:00AM – Rate Filings, cont'd (if needed)

NOTE: All times are PDT



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Filing Submission Deadlines

	Rates	Forms	Binders
All individual plans (including stand-alone dental)	June 3rd	June 3rd	June 3rd
All small group plans (including stand-alone dental)	July 15th	July 15th	July 15th



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NV Rate Review Process for 2020

- All stand-alone dental and health benefit plan rate filings will be reviewed by consulting actuaries and DOI staff
 - Carriers to pay for cost of external reviewing actuaries (Section 29 of SB86)



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Basis for 2020 Rate Filings - I

- The Affordable Care Act (ACA), including federal regulatory and sub-regulatory guidance in effect on the filing submission due date.
- Nevada State law, reflecting changes implemented during the 2019 legislative session and effective during the 2020 benefit year.
- Other state guidance, e.g., this slide deck.
- If, before rates are finalized, there is a change in the federal or state law/guidance affecting rates, carriers may be allowed to refile rates.



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Basis for 2020 Rate Filings - II

- Actuarial Value (AV) Calculator for 2020
- Final Notice of Benefit and Payment Parameters for 2020
- 2020 Unified Rate Review Template (URRT) and instructions (version 5.0)
- Updated Nevada rate filing template and instructions
 - Version 3.0 or later, as posted on the Division's website.



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Detailed Rate Review Timeline

- The dates on the following slide are approximate based on the expected delivery date of the initial objection letter and maximum turnaround times.
 - For example, if an objection letter is sent 2 days early, the response is due 2 days earlier than the current schedule and all of the subsequent deadlines are changed accordingly.
- The final timeline will be posted on our website.



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Detailed Rate Review Timeline - Draft

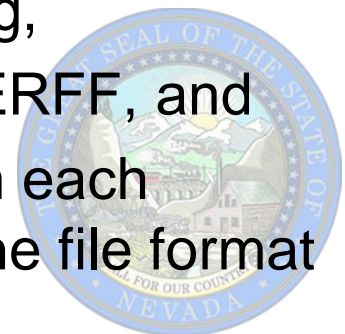
	Individual Plans	Small Group Plans
Rate Filing Due	06/03/19	07/15/19
First Objection to Carriers	06/17/19	07/29/19
Response to First Objection	06/27/19	08/05/19
Second Objection to Carriers	07/03/19	08/12/19
Response to Second Objection	07/12/19	08/26/19
Third Objection to Carriers	07/19/19	09/03/19
Response to Third Objection	07/26/19	09/09/19
Commissioner's Final Rating Decision	08/09/19	09/17/19
Final Rate Modifications to DOI	08/15/19	09/24/19
Final Data Transfer to HIOS	08/20/19	N/A



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Confidentiality of Information Filed

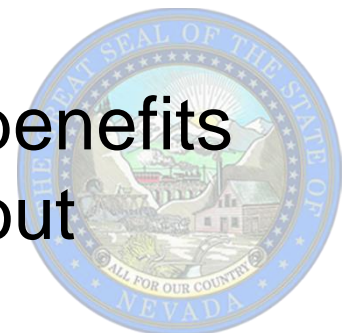
- State law requires the Division to hold the URRT and the actuarial memorandum confidential.
- For information that is not required to be kept confidential under state law and that you believe to be proprietary, submit a written request for it to receive confidential treatment pursuant to NRS 679B.190(5)(b). We recommend that you:
 - Include the request in the cover letter for the filing,
 - Include the request in a “Note to Reviewer” in SERFF, and
 - Indicate “proprietary and confidential” directly on each document subject to the request, regardless of the file format (excel, PDF, word, etc.).



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Division of Insurance Website - Rates

- Proposed 2020 rates will not be posted
- Proposed rate filing information (min, max, average rate changes) will be posted on August 1st
- Approved 2020 individual and small group rates will be posted by October 1st
- Updated small group quarterly rates will not be posted on the Division's website
- Website will use information from plan & benefits and service area templates so please fill out completely for all



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Rate Submission Requirements

- Separate filings for rates and forms
 - Health benefit plans
 - SADPs
- Follow standardized naming convention for templates
- All documents must submitted in SERFF



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SERFF Submissions - I

- Rate/Rule Tab of SERFF (public access)
 - Rate Data Template (XLS and XML formats)
 - Consumer Disclosure – Part II
 - Required for all submissions
 - 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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Redacted Actuarial Memorandum

- Federal guideline: https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/Instructions_for_the_Redacted_Actuarial_Memorandum_20150416.pdf
 - Carriers can redact any information that is a trade secret or confidential commercial or financial information as defined in HHS's Freedom of Information Act (FOIA) regulations at 45 CFR § 5.65.
 - Carriers must not redact information unless its release would likely result in specific, reasonably foreseeable, and substantial competitive harm.
 - Be prepared to explain how each redacted item meets the federal criteria for redaction.



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SERFF Submissions - II

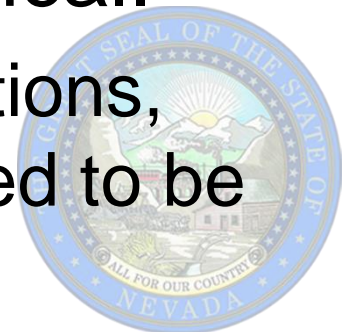
- Supporting Documents tab of SERFF
 - 2020 Unified Rate Review Template (URRT) (version 5.0) - Part I (confidential)
 - both XLS and XML formats
 - Actuarial Memorandum - Part III, (confidential)
 - Format must follow the order of the 2020 URR instructions
 - Exhibits supporting the Actuarial Memorandum (in Excel format, with working formulas)



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Actuarial Memorandum

- Is an actuarial communication subject to Actuarial Standard of Practice (ASOP) No. 41.
 - Provide sufficient detail so that a qualified health actuary would be able to evaluate the submission.
- For the past two years, guidance has been focused on providing quantitative support. The narrative descriptions are still critical.
 - The methodology, data source, assumptions, justification, etc., for all adjustments need to be clearly communicated.



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SERFF Submissions - III

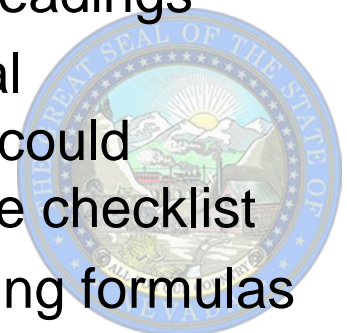
- Supporting Documents tab of SERFF
 - Plan & benefits template
 - Both XLS and XML formats
 - Service area template
 - Both XLS and XML formats
 - 2020 Nevada rate filing template (version 3.0)
 - Both XLS and XML formats
 - AV Calculator screen shots and support for unique plan designs
 - Documentation for \$ limit substitutions
 - Completed rate filing checklist



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Formula for Timely Approvals - I

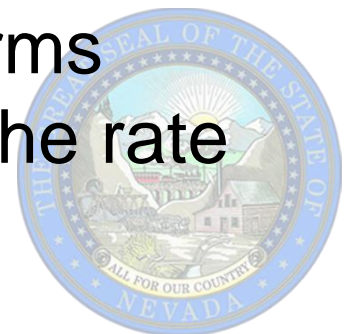
- Follow 2020 federal and state guidance
- Submit complete, well-documented filings:
 - URRT (v 5.0) completed in accordance with federal guidelines
 - Actuarial memorandum: Detailed description of methods and assumptions, including changes since prior year, with supporting exhibits
 - Format in order of URR instructions, with same headings
 - Provide sufficient detail in narrative and numerical demonstrations so that another qualified actuary could evaluate the submission (per ASOP No. 41) – see checklist
 - Provide all supporting exhibits in Excel with working formulas



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Formula for Timely Approvals - II

- NV rate Filing Template (v 3.0 or later) completed in accordance with instructions
- Ensure that issues raised in prior year's objection letters are addressed in current filing
- Prior to submission, review for consistency, all information in the rate, form and binder filings for the single risk pool
- Once review starts, any changes to the forms and/or binders must be coordinated with the rate filing and vice versa.
- Any questions, contact the DOI



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Common Areas of Objections - 2019

- Rate increase calculation, components of rate increase
- One or more of the following items were not fully supported or justified
 - Trend development, other projection factors not fully supported
 - Manual rate development not fully supported or justified
 - Plan level adjustments
 - Geographic factor development
 - Risk adjustment transfer payment development



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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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Risk Adjustment

- Clearly document the methodology, data, assumptions used to determine the estimated adjustment to the index rate
- Reflect any planned changes to the risk adjustment program
 - Risk adjustment fees should be reported as a non-benefit expense, not netted against the risk adjustment transfer payment.



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2020 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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2020 Exchange Fee

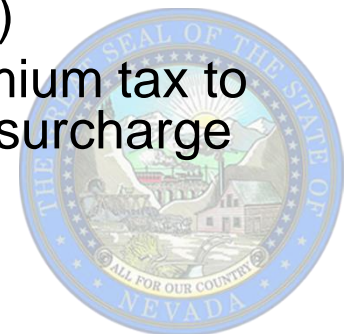
- Exchange Fee of 3.15 percent of premium for QHPs and SADPs
- No change from 2019



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Division Proposals Pending Before Legislature – I

- SB86: effective upon passage
 - Authorizes the commissioner to charge Companies for the cost of review of rates by contracted actuaries. (SB 86, Sec. 29)
- SB 87: effective January 1, 2020
 - Includes long-term care insurance under the Guaranty Fund protections
 - Requires HMOs (695C) and Nonprofit Corporations for Hospital, Medical and Dental Service (695B) to participate in the Guaranty fund (Sec. 8, 10 and 14)
 - Eliminates the requirement for 695B and 695C companies to purchase stop loss/ reinsurance coverage. (Sec. 48.5)
 - Authorizes an insurer that is exempt from paying premium tax to recoup its guaranty fund assessments by imposing a surcharge on premiums (Sec. 36).



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Other Proposals Pending Before State Legislature

- SB482: Requires open enrollment period for off-exchange plans (effective 1/1/2020) (Sec.56)
- AB 254: Requires carriers to cover sickle cell disease
- AB 472: Requires maternity coverage for gestational carriers
- SB 200: Requires coverage of a broad range of hearing devices and accessories



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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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Small Group Issues

- Tobacco rating: applied separately, on a per-member basis
- Carriers cannot impose contribution or participation rules for small employers that apply for coverage between 11/15 and 12/15 of each year.
- Starting in 2020, quarterly rate updates will be allowed for **Q3 only**:
 - Standardized rate effective dates (January 1, April 1, July 1, October 1). Monthly trend adjustments are not allowed.
 - Q3 updates due March 15th
 - Plans may not be added with the 7/1 update



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Minimum Required Components for SADP Rate Filings - I

- Actuarial memorandum addressing the following:
 - Detailed narrative and exhibits (Excel with working formulas) showing the development of rates from the base experience;
 - Determination of the EHB apportionment percentage for pediatric dental (individual plans only).
 - Demonstration of compliance with NV loss ratio standards.



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Minimum Required Components for SADP Rate Filings - II

- Rate manual showing only Nevada-specific rates
- Sample rate calculation
- Certified Actuarial Value

