



DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

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Bulletin 14-002

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**INDEX RATE ADJUSTMENTS**

Federal regulations adopted October 30, 2013 permit a health insurance issuer in the small group market to make market-wide and plan-level adjustments to index rates no more frequently than quarterly.<sup>1</sup> Such index rate adjustments are contingent upon "HHS issu[ing] notification that the FF-SHOP can process quarterly rate updates."<sup>2</sup>

On February 18, 2014 Doug Pennington, Director of the Rate Review Division of the Oversight Group of HHS, issued notice via electronic mail to interested parties that the Unified Rate Review Module of the Health Information Oversight System "has been updated and is capable of handling quarterly index rate submission for Small Group market single risk pools." (attached) Pursuant to the federal regulation at 45 CFR 156.80 and the issuance of the notification by Mr. Pennington, the Nevada Division of Insurance is announcing that it will permit issuers in the small group market to adjust index rates beginning with index rate changes with an effective date of July 1, 2014. Thereafter, small group index rate changes will be permitted on a quarterly basis with effective dates of January 1, April 1, July 1, or October 1 of the applicable calendar year. Such index rate changes "would apply to new or renewing coverage on or after the rate effective date, and would apply for the entire plan year."<sup>3</sup> The Division notes that this flexibility in filing index rates will permit issuers in the small group market to offer new products when the index rates are filed.<sup>4</sup>

  
SCOTT J. KIPPER  
Commissioner of Insurance

<sup>1</sup> 45 C.F.R. § 156.80(d)(3)(ii)

<sup>2</sup> *Id.*

<sup>3</sup> 78 FR 65067, Oct. 30, 2013

<sup>4</sup> *Id.*

**From:** HHS - Insurance Oversight [mailto:Insuranceoversight@hhs.gov]  
**Sent:** Tuesday, February 18, 2014 1:21 PM  
**To:** HHS - Insurance Oversight  
**Subject:** URR Module Update Complete for Small Group Quarterly Index Rate Submissions

HIOS URR Module Users,

This notice is to officially advise issuers, actuaries and state rate reviewers that the URR Module of HIOS has been updated and is now capable of handling quarterly index rate submissions for Small Group market single risk pools.

Issuers need to work with each state DOI, as the rating rules allow for up to Quarterly Index Rate Changes (in addition to quarterly trend that is submitted annually), while also permitting states to limit those changes to semi-annual or annual while prohibiting monthly or more frequent changes than Quarterly for the Small Group market, while prohibiting any Index Rate or Premium changes in the Individual market (including any kind of trend) after the Index Rate for the issuer is set for the Individual market.

Additionally, states may have specific SERFF instructions and deadlines, as all required submissions must be to both the state **and** CMS made separately in SERFF (or IFile if in FL) and the URR module of HIOS respectively, regardless of exchange participation or model.

Issuers in states where CMS is the Effective Rate Reviewer (Alabama, Missouri, Oklahoma, Texas & Wyoming) should make 3<sup>rd</sup> quarter small group submissions into HIOS for review by CMS by 3/15/2014. If you have questions, please contact us at [ratereview@cms.hhs.gov](mailto:ratereview@cms.hhs.gov).

Finally, the URR/Single Risk Pool template and instructions are for fully ACA Compliant Single Risk Pool plans only. All pre-2014, transitional non-grandfathered plans with rate increases subject to review (threshold rate increases of 10% or greater) must be submitted to the state (using SERFF or IFile) **and** CMS (using **the** Rate Review Justification module and Preliminary Justification template in HIOS) pursuant to rules and processes in place prior to 4/1/2013.

Sincerely,

Doug Pennington, CIE, CFE  
Director, Rate Review Division  
Oversight Group - CCIIO/CMS/DHHS