

A photograph of a city street. In the center is a modern, multi-story building with a curved glass facade. To the right is a brick building with many windows. There are trees and a street in the foreground.

# **Virginia Bureau of Insurance Life and Health Division**

## **Health Insurance Form and Rate Filing Workshop**

**March 28, 2013**



# State Corporation Commission

## Welcome and Introduction

Jacqueline K. Cunningham,  
Commissioner of Insurance



# State Corporation Commission

## Overview

Althelia Battle  
Deputy Commissioner  
Life and Health Division



# State Corporation Commission

## Disclaimer

Many of the requirements in this presentation are based on legislation and regulations that have not received final approval.



# Form Filings

## Form Filing Submission Process

### Virginia State Specific Requirements

Mary Ann Mason  
Principal Insurance Market Examiner  
Supervisor, Forms and Rates



# Form Filings

## Forms Submission Process

- Clear and concise
- No “tweaking” language
- Direct contact person (forms, rates)
- Accurately completed checklists



# Form Filings

## Special Requirements (*14 VAC-5-100 et al.*)

- “HIX” Suffix
  - Inside Marketplace only
  - Same form number outside Marketplace – without “HIX”
    - One form may be approved for inside and outside the Marketplace

# Form Filings

## Special Requirements (*14 VAC-5-100 et al.*)

- One complete filing
  - One filing per product
  - Combine multiple filings for the same policy form number
- New policy forms
  - SERFF filing must contain a complete product

# Form Filings

## Special Requirements (*14 VAC-5-100 et al.*)

- Streamlined Uniform Application (Filing of this form is not required)
- Forms must be submitted by May 1, 2013
  - For approval by July 31, 2013
  - First-in, first-out (absent extenuating circumstances)
  - Stand alone dental plans
    - Marketplace plans – submitted May 15- May 30, 2013

# Form Filings

## Special Requirements (*14 VAC-5-100 et al.*)

- Variable language
  - Must be clearly identified and defined
  - Indicate usage
- No variability in cost sharing
  - Separate schedule of benefits
  - Defining cost-sharing for each plan design



# Form Filings

## Form Filings May Include (Form Schedule)

- Individual Contract or Policy
- Master Group Contract
- Certificate of Coverage
- Evidence of Coverage
- Amendments/Endorsements (Please limit if any)
- Riders
- Application/Enrollment Form
- Schedule of Benefits



# Form Filings

## Form Filings (Supporting Documentation)

- Certification of Compliance
- Readability Certification
- Statement of Variability
- Form Checklist
- Actuarial Memorandum (Disclosure Statements)
- Essential Health Benefits (Checklist)



# Form Filings

## 2014 Keep in Mind

- Small Group Standard and Essential Benefit Plans (law repealed)
- State Mandated Benefits
- HIPAA Portability – Policy and Application
- Renewability
- Pre-existing conditions (Definitions and Limitation)
- Exclusions and What is not covered
- “Sweep in” of all 2012 Women’s Preventive Services



# Form Filings

## Conflicts

SECTION 38.2-3502 A

“IF YOU KNOW OF ANY MISSTATEMENT IN YOUR APPLICATION, OR IF ANY INFORMATION CONCERNING THE MEDICAL HISTORY OF ANY PERSON HAS BEEN OMITTED...”

SECTION 38.2-3503 2 (b)

”NO CLAIM FOR LOSS INCURRED OR DISABILITY (AS DEFINED IN THE POLICY) THAT STARTS AFTER ONE YEAR FROM THE DATE OF ISSUE OF THIS POLICY WILL BE REDUCED OR DENIED BECAUSE A SICKNESS OR PHYSICAL CONDITION, NOT EXCLUDED BY NAME OR SPECIFIC DESCRIPTION BEFORE THE DATE OF LOSS, HAD EXISTED BEFORE THE EFFECTIVE DATE OF COVERAGE.”



# Form Filings

## BOI Checklists

- Individual Major Medical, Preferred Provider Organizations, Hospital-Medical-Surgical
- Small Group Major Medical & Small Group Preferred Provider Organizations
- Health Maintenance Organizations (Individual & Small Group)
- Health Services Plans (Individual & Small Group)



# Form Filings

## Essential Health Benefits

Julie Blauvelt  
Principal Insurance Market Examiner  
Project Manager



# Essential Health Benefits

## Checklist Development

- Checklist developed from review of benchmark policy and template
- 10 required categories
  - Specific services within each category
  - Each service must be specifically addressed in policy (non-grandfathered individual and small group effective 1/1/14)



# Essential Health Benefits

## Checklist Development

- Actual policy will be basis for review
  - Benefit may differ if required for compliance with new federal health insurance laws
- Does not incorporate clinical review guidelines or medically necessary criteria



# Essential Health Benefits

## EHB Requirements

- No annual or lifetime dollar limits on EHBs
- Service/visit limits are allowed if substantially similar to benchmark limits
- Use benefit limits in checklist for quickest review
- Adult dental and adult vision only required for certain medically necessary care



# Essential Health Benefits

## EHB Requirements

- Routine adult dental and adult vision are not EHBs
  - Benchmark plan included routine adult vision, but coverage is not required
- Cosmetic orthodontia is not an EHB
- Coverage for voluntary abortion is not an EHB



# Essential Health Benefits

## Minimum Required Services/Visits

- Skilled nursing facility – 100 days per stay
- Mental Health/Substance Use – no stated limit to comply with parity
- Habilitative/Rehabilitative Services – 30 visits per calendar year combined for occupational/physical therapy
- Habilitative/Rehabilitative Services – 30 visits per calendar year combined for speech therapy



# Essential Health Benefits

## Minimum Required Services/Visits

- Private duty nursing – actuarial equivalent of \$500 per calendar year or 16 hours per calendar year
- Home health care services – 100 visits per calendar year



# Essential Health Benefits

## Minimum Required Services/Visits

- Chiropractic care – spinal manipulations – 30 visits per calendar year
- Pediatric oral and vision – one routine eye exam per year; one pair standard glasses or lenses per year; routine dental exam twice/year
- No limit for Early Intervention Services – mandate basically had no limit in 2012



# Essential Health Benefits

## Mandated Offers

- §38.2-3418.15 Prosthetics mandated offer
  - included in benchmark plan – no limits
- §38.2-3414 Obstetrical services mandated offer
  - included in benchmark plan
- §38.2-3418.3 Coverage for treatment of morbid obesity
  - not included in the benchmark plan
  - must be offered with each plan made available



# Form Filings

2014 Requirements

Joanne Spruill

Assistant Deputy Commissioner  
Life and Health Division



# 2014 Requirements

## “Conflict” Language

“The provisions of this section shall not apply in any instance in which the provisions of this section are inconsistent or in conflict with a provision of Article 6 (§38.2-3438 et seq.) of Chapter 34.”



# 2014 Requirements

## Repealed

- §38.2-3433 Small employer market premium and disclosure provisions
- Third Enactment of Chapter 788 of the Acts of the Assembly 2011
- Second enactment of Chapter 882 of the Acts of the Assembly 2011

# 2014 Requirements

## Revised Statutes

- §38.2-3438 Definitions
  - Added “Dependent”, “Genetic Information”, “Genetic Services”, “Genetic Test”, “Health Status Related Factor”, “Premium”, “Student Health Insurance Coverage”, “Wellness Program”
  - Revised “Grandfathered plan”, “Individual Health Insurance”, “Individual Market”, “Open enrollment”
- 38.2-3439 Dependent coverage for individuals to age 26
  - Added no denial for coverage based on eligibility for other coverage



# 2014 Requirements

## Revised Statutes

- §38.2-3440 Lifetime and Annual Limits
  - No annual limits
  - No waivers
- §38.2-3442 Preventive services
  - Removed September 23, 2010 date
  - Changed source to Health Resources and Services Administration
- §38.2-3444 Pre-existing condition exclusions
  - Removed to age 19
  - Applicable to all

# 2014 Requirements

## Revised Statutes

- §38.2-3503 Required accident and sickness policy provisions
  - “However, if the provisions of federal law require a policy to have a grace period in excess of one month, the period of time that the policy shall continue in force during the grace period shall not be required to exceed one month from the beginning of the grace period”
- §38.2-3407.12 Patient optional point-of-service benefit
  - Removed essential and standard health benefit plan references
  - Inside exchange
    - Not applicable for 2014 (FF-SHOP)
  - Outside exchange
    - Still applicable

# 2014 Requirements

## New Statutes

- §38.2-3447 Restrictions relating to premium rates
  - Criteria for premium rating
    - Individual or family
    - Rating areas
    - Age
    - Tobacco use
- §38.2-3448 Guaranteed availability
  - Any eligible insurer or employer that applies for coverage

# 2014 Requirements

## New Statutes

- §38.2-3449 Prohibiting discrimination based on health status
- § 38.2-3450 Genetic information and testing
- §38.2-3451 Essential health benefits
  - As required by §1302(a) of PPACA
- §38.2-3452 Waiting periods
  - No longer than 90 days
  - Group health insurance only
  - Outside the Marketplace only

# 2014 Requirements

## New Statutes

- §38.2-3453 Clinical trials
  - Covers participation in an approved clinical trial
- §38.2-3454 Wellness Programs
  - May provide if provided to all similarly situated individuals



# 2014 Requirements

## “Catch all” Provision

### §38.2-3446 Applicability of federal law

- A. The provisions of Title I of PPACA shall apply to any health carrier that delivers or issues for delivery individual or group health insurance coverage in the Commonwealth
- B. The Commission shall implement and enforce applicable provisions of such federal law in accordance with the provisions of the this title. [Title 38.2 of the Code]



# Rate Filings

Bob Grissom

Assistant Deputy Commissioner  
Life and Health Division



# Rate Filings

## Effective Rate Review



# Rate Filings

## Chapter 130

Chapter 130 of the Virginia Administrative Code is the current rate review regulation. Revisions are currently made to this Chapter that should allow Virginia to be considered an effective rate review state. The format will be essentially the same but different information will be required and it's scope will be broadened.



# Rate Filings

Will apply to all health insurance coverage issued in the individual and small group markets.



# Rate Filings

Includes coverage sold to individuals through associations and trusts.



# Rate Filings

General criteria for rates for coverage issued in the individual or small group markets.



# Rate Filings

Premium rates with respect to a particular plan or coverage may only vary by:

- Whether the plan or coverage covers an individual or family
- Rating area
  - (Consistent with HHS recommendation of default 12 rating areas for Va)
- Age
  - (Consistent with the Uniform Age Rating Curve table)
- Tobacco use
  - 1.5 to 1 maximum surcharge  
(For small group – Employees able to avoid surcharge by participating in a qualified wellness program)



# Rate Filings

## **For family coverage**

Rating variations applied based on the portion of the premium that is attributable to each family member covered under the plan.

## **For family members under age 21**

Premiums for no more than the three oldest covered children shall be taken into account in determining the total family premium.

# Rate Filings

## New Loss Ratio Requirements

Individual 75%

Small Group 75%\*

\* A loss ratio of 80% was presented during the 3/28/13 meeting; after further consideration it was later revised to 75%.



# Rate Filings

Risk pools and index rate



# Rate Filings

For each market,  
The single risk pool consists of the  
claims experience of all enrollees in all  
health benefit plans, other than  
grandfathered plans.



# Rate Filings

## Index Rate for Each Market

Based on each plan year or policy year, as applicable

Based on the total combined claims costs for providing essential health benefits within the single risk pool of the individual or small group market



# Rate Filings

## Index Rate for Each Market

Index rate may be adjusted on a market-wide basis based on the total expected market-wide payments and charges under the risk adjustment and reinsurance programs in this Commonwealth.

The premium rate for all of the health insurance issuer's plans shall use the applicable index rate, as may be adjusted.



# Rate Filings

## Allowed Adjustments to Single Risk Pool

May be based only on the following actuarially justified plan-specific factors:

- The cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.



# Rate Filings

## Allowed Adjustments to Single Risk Pool

Benefits provided under the plan that are in addition to the essential health benefits.

Administrative costs, excluding Exchange user fees.

With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.



# Rate Disclosure Requirements

David Shea

Health Actuary  
Life and Health Division

Company Name:		Applies to:	New Business (Y/N):		Virginia only (Y/N)	
NAIC Number:		Existing Business (Y/N):			Individual (Y/N)	
Policy Form Number(s):		Claims Incurred through (MM/YY):			Small Group (Y/N)*	
Inception Date (MM/DD/YY):		Claims Paid through (MM/YY):				
Rate Increase Effective Date:						

	(1) Calendar Year	(2) Member Months	(3) Earned Premium	(4) Incurred & Paid Claims	(5) IBNR	(6) (4) + (5) Incurred Claims	(7) Drug Rebates	(8) (6) - (7) Net Incurred Claims	(9) (3)/(2) Earned Premium PMPM	(10) (4)/(2) Net Incurred Claims PMPM	(11) (10)/(9) Loss Ratio	(12) [(9)YY/(9)[YY-1]]-1 Premium Trend	(13) [(10)YY/(10)[YY-1]]-1 Claims Trend	(Calculated)		(16) (15)/(16) PV Loss Ratio	
														(14) PV Earned Premium	(15) PV Net Incurred Claims		
<b>ACTUAL</b>	XX																
	XX+1																
	XX+2																
	XX+3																
	XX+4																
	XX+5																
	XX+6																
	XX+7																
	SUM	-															
<b>PROJECTED</b>	XX+8	-															
	XX+9																
	XX+10																
	XX+11																
	XX+12																
	XX+13																
	XX+14																
	XX+15																
	XX+16																
	XX+17																
	XX+18																
	SUM	-															
<b>LIFETIME</b>		-															

\* For small group, projected values should go no further than the rate effective period.

Statutory Minimum Loss Ratio  

<b>Assumptions</b>	Rate Increase:	Over Prior	
		Annual	
	Underlying Trend		
	Benefit Changes		
	Demographic Changes		
	Anti-selection		
	Other Changes		
	Total Trend		
	Lapse Rate		
	Interest (consistent with original pricing)		
Premium Trend beyond rating period			
Claims Trend beyond rating period			

## Trend Analysis Details

*Cost and Utilization Data (values are illustrative only)*

	Calendar Year	Inpatient Hospital			Outpatient Hospital			Physician			Prescription Drugs			Other			Capitation PMPM	Total PMPM
		Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM		
<b>ACTUAL</b>	XX													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+1													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+2													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+3													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+4													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+5													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+6													\$ -	\$ -	\$ -	\$ -	\$ -
	XX+7													\$ -	\$ -	\$ -	\$ -	\$ -
<b>PROJECTED</b>	XX+8													\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

1. Please specify the (annualized) unit of measurement for utilization under each type of service/place of treatment. For example, inpatient hospital could be inpatient days or inpatient admissions.
2. Total PMPM should equal Total PMPM from Rate Increase Data template.
3. Projections should be to the end of the rate effective period.
4. At a minimum, rate filing should include PMPM for each place of treatment/type of service category if carrier cannot provide cost and utilization data.

### Trends

	Calendar Year	Inpatient Hospital			Outpatient Hospital			Physician			Prescription Drugs			Other			Capitation PMPM	Total PMPM
		Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM	Cost per Unit	Units per 1,000	PMPM		
<b>ACTUAL</b>	XX																	
	XX+1	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	XX+2	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	XX+3	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	XX+4	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	XX+5	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	XX+6	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	XX+7	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!
<b>PROJECTED</b>	XX+8	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	#DIV/0!

The above could be used for both individual and small group rate increase filings.



# QHP Certification

Julie Blauvelt

Principal Insurance Market Examiner  
Project Manager



# QHP Certification

## QHP Application Process

- Applications submitted and reviewed through SERFF binders
- SERFF ready March 29, 2013 or soon thereafter
- Accept QHP applications through May 1, 2013



# QHP Certification

## QHP Review Process

- Bureau of Insurance, in conjunction with Department of Health, Office of Licensure and Certification will review/process the QHP application
  - Office of Licensure and Certification will review/process information filed regarding Network Adequacy, Service Area, Essential Community Providers, and Accreditation
  - Correspondence from applicable agency (rolling process – shortened response times)
- Will recommend plans for certification to FFM by July 31, 2013



# Network Adequacy

T.C. Jones

T. C. Jones, Supervisor  
MCHIP Unit, Office of Licensure and Certification  
Virginia Department of Health



# Important FFE Information

Jim Young

Manager, Special Projects  
Life and Health Division



# **Other Important FFE Information**

**HHS Guidance – March 1, 2013  
Proposed**



# State Corporation Commission

## Closing Remarks

Al Battle



# State Corporation Commission

Questions??

Send your questions to

[ACAFilingInfo@scc.virginia.gov](mailto:ACAFilingInfo@scc.virginia.gov)