State of Utah
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Insurance Department

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BULLETIN 2014-2

To: Health Insurance Carriers Offering Small Employer Health Benefit Plans

From: Todd E. Kiser, Utah Insurance Commissioner

Date: February 26, 2014

Subject: Submitting Quarterly Changes for Small Employer Non-Grandfathered Health Benefit Plans and Stand-Alone Dental Plans

On February 18, 2014, the U.S. Department of Health and Human Services' Center for Consumer Information and Insurance Oversight, CCIIO, disseminated notification regarding allowable quarterly changes to small employer group index rates. Pursuant to 45 CFR 156.80, and as indicated in the letter, each state is allowed to determine when and how often to accept changes for small employer group plans, subject to the qualification that rates cannot change more frequently than quarterly. This bulletin clarifies Utah's position on the matter of small employer group index rate and plan changes.

It is generally expected that the index rate for non-grandfathered 2014 Affordable Care Act, ACA, compliant plans (both individual and small employer, on and off exchange) will be filed annually according to state and federal timelines. In the individual market, the index rate is not allowed to change under any circumstances until the next annual filing – that is, the rates are static within each calendar year. This bulletin applies only to carriers desiring to change their index rate or plans in the small employer pool, which excludes grandfathered, early-renewal and transitional plans.

The small employer rates and plans can change as frequently as quarterly. Two methods that can be used are:

1) As part of the annual filing a carrier can include pre-filed quarterly rates in the rate template. The difference in rates for each subsequent quarter can only reflect an assumed trend adjustment. The rates in each year for the time period January 1 through March 31 apply to small employer groups effectuating or renewing coverage in the first quarter, and are effective for one year. The rates for the time period April 1 through June 30 apply to small employer groups effectuating or renewing coverage in the second quarter, and are effective for one year. Third and fourth quarter rates are applied similarly. The Department encourages carriers to submit quarterly trend increases in the annual filing, rather than subsequent quarterly filings.

If a carrier files quarterly rates as part of their annual rate filing, the carrier must apply those rates to small employer groups effectuating or renewing coverage in that quarter, or else the carrier is out of compliance. A carrier may not simply decide not to implement the pre-filed quarterly rate increases.

2) A carrier may submit a quarterly filing. This was not available for second quarter 2014 because the federal Unified Rate Review Template did not have the functionality required to distinguish a quarterly filing from an annual filing. The federal template has since been updated and carriers are now able to file quarterly filings beginning with effective dates third quarter 2014.

Below are items to consider:

- The index rate applies to, and requires filing for, all plans in the small employer pool, excluding grandfathered, early-renewal, or transitional plans. A change to the small employer index rate can be filed quarterly, essentially allowing the index rate to be filed 4 times per year. The Department encourages carriers to apply quarterly trend increases in the annual filing, rather than subsequent quarterly filings.
- Carriers that did not submit 2014 quarterly rates in the annual filings are able to change the index rate for new entrants with effective dates on or after 7/1/2014, and on a quarterly basis thereafter.
- If a carrier submitted pre-filed quarterly rates for 2014, but then later submitted a change to the index rate effective 7/1/2014, the 3rd and 4th quarter pre-filed rates would be nullified and replaced with the later submitted rates. Rates for groups starting or renewing in the first two quarters would, however, remain unchanged and would be effective for one year.
- Any rate change filing by carriers that did not submit pre-filed quarterly rates for 2014, effective 7/1/2014 is a change in index rate, even if the rate filing simply proposes to add quarterly rates adjusted by the trend assumed in the applicable annual filing.
- Allowed changes for quarterly filings are limited to:
    - premium changes;
    - adding a plan; or
    - removing a plan.

TIMELINES AND SUBMISSIONS

A filing requesting a quarterly change for an effective date of 7/1/2014 must be submitted no later than 3/9/2014. The Department will accept all other quarterly filings as follows:

- Second quarter for an effective date of April 1st, filing must be submitted no later than November 15 of the previous year.
- Third quarter for an effective date July 1st, filing must be submitted no later than February 15.
- Fourth quarter for an effective date October 1st, filing must be submitted no later than May 15.
- Carriers must also submit annual filings for effective dates of January 1st according to the timelines and requirements applicable, which are beyond the scope of this bulletin.

The quarterly filing must follow the submission guidelines outlined in filing guidance issued by the Department. Carriers must also request that their annual filing Binder be reopened in order to attach the rate template reflecting the updated rates and supporting documents. Currently SERFF and HIOS are not configured to transfer quarterly filings. All SERFF submissions must be concomitantly submitted to HIOS. **Any filings that are substantively incomplete at the submission deadline will not be considered.**

The Department encourages carriers to utilize the annual filing for trended quarterly rate changes to minimize the frequency of quarterly filings.

If you have any questions or comments, please contact the Health and Life Division at 801-538-3066 or health.uid@utah.gov.

DATED this 26th day of February, 2014.

Todd E. Kiser
Insurance Commissioner