

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

BULLETIN NO.: 9-2013

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL MEDICAL SERVICE CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND COMPANY TRADE ASSOCIATIONS AND OTHER INTERESTED PARTIES.

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: RATE FILINGS FOR NON-GRANDFATHERED INDIVIDUAL MAJOR MEDICAL POLICIES, INCLUDING INDIVIDUAL CERTIFICATES OF INSURANCE FOR MAJOR MEDICAL COVERAGE ISSUED THROUGH AN ASSOCIATION TO RESIDENTS OF ARKANSAS AND SMALL EMPLOYER GROUP PLANS INCLUDING SMALL EMPLOYER PLANS ISSUED THROUGH AN ASSOCIATION.

DATE: MARCH 29, 2013

This Bulletin will replace the filing requirements in Bulletins 6A-2011, 7-2011 and 7A-2011 for the above referenced non-grandfathered. The filing provisions in Bulletins 6A-2011, 7-2011 and 7A-2011 will still apply to grandfathered plans.

Pursuant to 45 CFR §154.215, health insurance issuers are required to file Rate Filing Justifications with the Secretary of the U.S. Department of Health and Human Services for all non-grandfathered plans. This includes individual plans, small employer group plans and all individual and small employer group plans offered through an Association.

The Rate Filing Justifications required by HHS include a Unified Rate Review Template (Part I), a written description justifying the rate increase (Part II) and the Rate filing justification (Part III) which includes the actuarial memorandum.

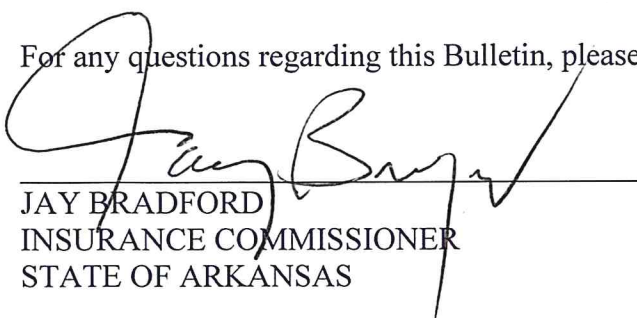
In order to simplify the rate filing process in Arkansas, issuers are required to file the same material with the Arkansas Insurance Department for all non-grandfathered individual and small group plans including Association plans. The material must be filed through SERFF by the issuer until the material can be transferred via HIOS to SERFF.

In reviewing all rate filings under this Bulletin, the Arkansas Insurance Department will review the following to the extent applicable to the filing under review:

1. The impact of utilization changes by major service categories;
2. The impact of cost-sharing changes by major service categories;
3. The impact of benefit changes;
4. The impact of changes in enrollee risk profile;
5. The impact of any overestimate or underestimate of medical trend for prior year periods related to the rate increases;
6. The impact of medical trend changes by major service categories;
7. The impact on the actuarial value of the health plan in relation to the changes in cost sharing;
8. The impact of changes in reserve needs;
9. The impact of changes in administrative costs related to programs that improve health care quality;
10. The impact of changes in other administrative costs;
11. The impact of changes in applicable taxes, licensing or regulatory fees;
12. Medical Loss Ratio and other standardized ratio tests;
13. The carrier's capital and surplus;
14. Consumer comments regarding the rate filing;
15. The impact of the changes on pricing, including the limitations on age and tobacco use;
16. The impact of geographic factors and variations;
17. The impact of changes within a single risk pool to all products or plans within the risk pool;
18. The impact of Federal reinsurance and risk adjustment payments and charges; and
19. The impact of the changes on the plan's essential benefits and non-essential health benefits.

The information contained in Parts I and III will be made available to the public on the CMS website subject to any restrictions regarding trade secrets or confidential commercial or financial information subject to HHS' Freedom of Information Act regulations, 45 CFR 5.65. A link to this information will be provided on the Department's website.

For any questions regarding this Bulletin, please contact Bob Alexander at 501-683-3596.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS

March 29, 2013
DATE