



COMMONWEALTH OF MASSACHUSETTS
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DIVISION OF INSURANCE

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HEALTH COVERAGE
Filing Guidance Notice 2012-G

TO: Commercial Health Insurers, Blue Cross and Blue Shield of Massachusetts, Inc. (BCBSMA) and Health Maintenance Organizations (HMOs)

FROM: Kevin Patrick Beagan, Deputy Commissioner of the Health Care Access Bureau

DATE: September 17, 2012

RE: Reflection of ACA Costs in Small Group Health Insurance Rate Filings

This Filing Guidance Notice is issued to inform commercial health insurers, Blue Cross and Blue Shield of Massachusetts, Inc. (BCBSMA) and health maintenance organizations (HMOs) (collectively “Carriers”) that write or intend to write health insurance plans subject to M.G.L. c. 176J regarding the reflection of calendar year assessments, taxes and other expenses (collectively referred to as “costs”) associated with the implementation of the federal Patient Protection and Affordable Care Act of 2010 (“ACA”) when submitting small group health insurance rate filing materials to the Division of Insurance (“Division”) on or after October 1, 2012.

When the ACA is implemented in 2014, Carriers will be expected to pay certain 2014 calendar year ACA-related costs as identified within federal law, rules and other guidance. When Carriers are developing small group health insurance rates for submission on and after October 1, 2012, the Division will consider such 2014 ACA-related costs to be appropriate to reflect in rate development for the rates of those coverages which have policy years that extend into calendar year 2014, provided that Carriers only reflect those actuarially justified costs that apply to the portion of a rate year that is in calendar year 2014.

For example, when developing rates to be effective for coverage issued or renewed in February 2013, the Division will consider it reasonable if a Carrier includes ACA-related costs for January 2014 proportionally, based upon the following:

January 2014 projected member months for coverage becoming effective February 2013
Calendar year 2014 projected member months

If you have any questions regarding this Filing Guidance Notice, please contact Chet Lewandowski, Health Care Access Bureau Actuary, at (617) 521-7347.