



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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HEALTH COVERAGE
Filing Guidance Notice 2013-G

TO: Health Insurance Carriers Submitting Health Plan Filings Subject to M.G.L. c. 176J and Stand-Alone Dental Plan Filings

FROM: Chester Lewandowski, Health Actuary, Health Care Access Bureau

DATE: April 1, 2013

RE: Submission of Material to Support Calculated Actuarial Values

This Division of Insurance (“Division”) Filing Guidance Notice concerns insured health products offered subject to M.G.L. c. 176J, § 6 and stand-alone dental plans intended to be offered through the Commonwealth Health Insurance Connector Authority (“Connector”) for coverage effective on and after January 1, 2014.

In anticipation of the filings necessary to satisfy the open enrollment requirements of the federal Patient Protection and Affordable Care Act, the Division issued Filing Guidance Notice 2013-A, which indicated that “[c]arriers are to complete the SERFF “Binder” that identifies each separate insured health benefit plan or dental plan intended to be offered during the October 2013 Open Enrollment Period, referencing any previously filed forms for the following for each plan, as appropriate:

- the evidence of coverage, policy or certificate;
- the provider network;
- the formulary; and
- any other information related to that insured health benefit plan or dental plan.

Among the items required to be submitted with a product filing, carriers are required to calculate and report the Actuarial Value of each separate insured health and dental plan.

Health Plans

According to final federal rules for “Health Insurance Market Rules; Rate Review,” as published in the Federal Register on February 27, 2013, carriers must submit an Actuarial Value for each separate health plan, calculated using the United States Department of Health and Human Services (HHS) Actuarial Value Calculator (“Actuarial Value Calculator”), in order to determine the “metallic tier” of a plan. Additionally, carriers must supply the following supporting documentation of all actuarial value calculations:

- the Excel® workbook illustrating the final result from the Actuarial Value Calculator and any back-up information used to calculate the final value; and
- a detailed description that illustrates, step-by-step, how each of the inputs were entered into the Actuarial Value Calculator so that the Division can replicate those steps and verify the calculation of the same value submitted by the carrier.

If the Actuarial Value Calculator does not accommodate a carrier's benefit designs, a carrier has one of two options:

Option 1: The carrier may adjust the health plan benefit design (for calculation purposes only) to fit the parameters of the calculator and have a member of the American Academy of Actuaries certify the methodology.

Option 2: The carrier may use the calculator for the plan design provisions that correspond to the parameters of the calculator and then have a member of the American Academy of Actuaries make appropriate adjustments to the actuarial value.

For carriers that calculate the Actuarial Value of a plan using either Option 1 or 2 as described above, the carrier must provide an actuarial certification, consistent with the "Unique Plan Design Supporting Documentation and Justification" form as found on www.regtap.info, which indicates that the adjustments were calculated using generally accepted actuarial principles and provides supporting calculations that present details about the method used to calculate the final Actuarial Value. The supporting documentation should include detailed descriptions of all adjustments made in the calculation of the submitted Actuarial Value.

Stand-Alone Dental Plans

According to the final federal rule, carriers shall **NOT** use the Actuarial Value Calculator when calculating the Actuarial Value for stand-alone dental plans. A carrier issuing a stand-alone dental plan shall indicate the Actuarial Value of each stand-alone dental plan.

Carriers must submit the following to support the Actuarial Value calculation for stand-alone dental plans:

- a certification signed by a member of the American Academy of Actuaries that the Actuarial Values were calculated using generally accepted actuarial principles; and
- all assumptions and methodology to calculate the actuarial value of all products.

If you have any questions about this Notice, please contact Chet Lewandowski at 617-521-7467 or chet.lewandowski@state.ma.us.