



COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

DIVISION OF INSURANCE

1000 Washington Street, Suite 810 • Boston, MA 02118-6200
(617) 521-7794 • Toll-free (877) 563-4467
<http://www.mass.gov/doi>

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

JAY ASH
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

JOHN C. CHAPMAN
UNDERSECRETARY OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

GARY D. ANDERSON
COMMISSIONER OF INSURANCE

HEALTH COVERAGE Filing Guidance Notice 2018-B

TO: Health Insurance Carriers Submitting 2019 Rate Filings Subject to M.G.L. c. 176J

FROM: Mary Hosford, Health Actuary, Health Care Access Bureau, Division of Insurance

DATE: June 27, 2018

RE: Filing of M.G.L. C. 176J Rates

The Division of Insurance (“Division”) issues the following filing guidance to inform health insurance Carriers regarding rate filings required under M.G.L. c. 176J, § 6, for rates to be effective beginning January 1, 2019 for coverage issued or renewed to merged market (individual/small group) members.

Planning for Potential Non-Funding of Federal Cost Sharing Reduction (“CSR”) Payments

Prior to the fall of 2017, CSR payments were funded directly by the federal government as a consumer benefit to lower the amount that certain consumers would pay for health plan cost-sharing (*i.e.*, copayments, coinsurance and deductibles). Under federal rules, the CSR payments were for those members that enroll in designated silver tier plans – called ConnectorCare plans - offered through the Health Connector in Massachusetts.

Carriers should prepare 1st quarter 2019 filings based on the assumption that CSR reimbursements from the federal government will not be available in calendar year 2019. When submitting 1st quarter 2019 filings, each Connectorcare Carrier should provide a detailed explanation in its actuarial memorandum - within a section specifically named “ConnectorCare Rates” - of what its filed rate increase would be if the federal government did fund CSRs in 2019, as well as specific information identifying what portion of the filed rate increase is attributable to the federal government not funding CSRs in 2019, and supporting information for the amount requested.

Federal Rule Regarding Association Health Plans (“AHP”)

As you may be aware, the federal Department of Labor has promulgated a final rule regarding AHPs. The Division expects to work with stakeholders within the coming weeks to consider the impact of the advent of any such AHPs in the Massachusetts market.

At this point in time, the Division is of the opinion that Carriers need not adjust their rate filings to account for any impact as a result of the issuance of the federal AHP rule. However, individual Carriers may project a need for an adjustment as a result of the federal AHP rule. Therefore, when submitting 4th quarter 2018 and 1st quarter 2019 rate filings in July 2018, as well as rate filings thereafter, Carriers may factor in certain assumptions about how the potential advent of AHPs in Massachusetts impacts their projected costs and rate need. The Division expects each Carrier that does so to provide a detailed explanation in its submitted actuarial memorandum - within a section specifically named "Impact of Federal AHP Rule" - of its assessment of the impact of this federal rule on its submitted rate filing.

The Division expects each Carrier to either: (1) indicate that its filing does not include any adjustments to account for the impact of the federal AHP rule; or (2) specify the portion of the submitted rate increase attributable to AHPs. The "Impact of Federal AHP Rule" section of the actuarial memorandum should include information, on a product-by-product level, where appropriate, that provides explicit details about adjustments the Carrier is making to its projected membership, utilization and unit cost due to AHPs. Each Carrier should consider submitting detailed spreadsheets, where appropriate, to illustrate how each of the assumptions used in its rate development was specifically modified by its assessment of the potential impact of the advent of AHPs in Massachusetts.

If you have any questions about this Notice, please contact Mary Hosford at 617-521-7358 or mary.hosford@mass.gov.