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**Office of Consumer Affairs and Business Regulation**  
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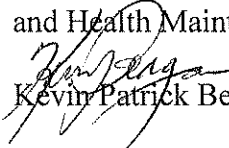
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**HEALTH COVERAGE**  
**Filing Guidance Notice 2019-D**

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

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

DATE: June 18, 2019

RE: Submission of Material to Illustrate Changes to Rating Factors in Rate Filings for  
Merged Market Health Rates Effective Beginning January 1, 2020

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This Division of Insurance (“Division”) Filing Guidance Notice informs health insurance carriers (“Carriers”) regarding the submission of rating factors in rate filings required under the provisions of M.G.L. c. 176J, § 6, beginning with rates intended to be effective for coverage issued or renewed on and after January 1, 2020. According to 211 CMR 66.08(2)(a), “[e]very carrier, as a condition of doing business under M.G.L. c. 176J and 211 CMR 66.00, must submit quarterly rate filings for their small Group Base Premium Rates and any changes to small group rating factors electronically at least 90 days before their proposed effective dates, and at least 180 days before their proposed effective dates for rates intended to be effective as of January 1<sup>st</sup>.”

**Rating Factors**

Among the items to be included within rate filings, Carriers are to submit “information requested by the commissioner, including, but not limited to, any information requested by the commissioner on behalf of the National Association of Insurance Commissioners,” as specified in 211 CMR 66.08(3)(o). Beginning with the rate filings for coverage intended to be effective January 1, 2020, the Division requests that each filing include a section that indicates the rating factors that are to be used by a Carrier during that rating period. If the Carrier is proposing changes to factors used in a prior period, the Carrier shall present the actuarial justification for the proposed changes so that they may be reviewed by the Division as part of the regular rate filing review process. The rating factor information should be submitted in the “Confidential: Rating Factors and Rates of Reimbursement” section of the “Supporting Documentation” tab within SERFF.

As noted in Division Bulletin 2013-05, on April 5, 2013, the federal Center for Consumer Information and Insurance Oversight (“CCIIO”) granted Massachusetts permission to continue the use of certain state rating factor adjustments during a transition period (“Transition Period”). The Division provided guidance in Bulletin 2013-05 regarding the calculation methodology that Carriers must use in deriving these factors during a Transition Period. Since 2013, the Division has notified Carriers about additional communications from CCIIO and how CCIIO has extended the Transition Period. CCIIO notified Massachusetts on April 26, 2019 that it would extend the existing Transition Period through calendar year 2020 for Carriers’ group size and group purchasing cooperative rating factors. This notice indicated that Massachusetts would be required to submit detailed reports in the future to CCIIO for consideration of a Transition Period extending beyond calendar year 2020.

The Division has considered the most recent CCIIO notification and provides the following guidance for Carriers about existing rating factors:

- The industry, participation-rate and intermediary discount rating factors will no longer be permitted to apply to merged market rates for coverage issued or renewed on and after January 1, 2020. Carriers are to demonstrate within their January 1, 2020 rate filing that these factors are no longer being applied.
- The group size rating factor will be permitted to apply for coverage issued or renewed in calendar year 2020, and the Division expects that this factor will be the same as that applied in 2019. Any Carrier that wishes to use this factor is to demonstrate within its 2020 rate filing materials that the group size rating factor is the same as that which was applied by the Carrier in 2019.
- The group purchasing cooperative rating factor will be permitted to apply for coverage issued or renewed in calendar year 2020, and the Division is willing to permit Carriers to apply this factor to a level as high as what was applied in 2013. Any Carrier that wishes to use this factor is to demonstrate within its 2020 rate filing materials that its group purchasing cooperative factor for a specific group purchasing cooperative is no higher than what was applied by the Carrier in 2013.

If you have any questions regarding this Filing Guidance Notice, please contact Mary Hosford at (617) 521-7358 or [mary.hosford@mass.gov](mailto:mary.hosford@mass.gov).