



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

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**BULLETIN 2012-07**

To: Commercial Health Insurers, Blue Cross and Blue Shield of Massachusetts, Inc. and Health Maintenance Organizations Offering or Renewing Insured Health Products in the Small Group/Individual (Merged) Market in Massachusetts

From: Joseph G. Murphy, Commissioner of Insurance

Date: September 28, 2012

Re: Small Group/Individual (Merged) Market Rate Filings Submitted for Rates to be Effective in the First Quarter of 2013

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The Division of Insurance ("Division") issues this Bulletin to instruct commercial health insurers, Blue Cross and Blue Shield of Massachusetts, Inc. and Health Maintenance Organizations (hereinafter "Carriers") regarding requirements for small group/individual (merged) market (hereinafter "Small Group") rate filings submitted to the Division on and after October 1, 2012 for coverage issued or renewed during the first quarter of 2013.

Pursuant to M.G.L. c. 176J, § 6(c), all changes to Small Group base rates must be filed at least 90 days before their proposed effective date. The Commissioner of Insurance shall disapprove any changes to such base rates that are excessive, inadequate or unreasonable in relation to the benefits charged.

In accordance with M.G.L. c. 176J, § 6(d), a Carrier's proposed changes in Small Group base rates shall be presumptively disapproved if: (a) a Carrier files a base rate whose administrative expense loading, not including taxes and assessments, increases by more than the most recent calendar year's percentage increase in the New England medical CPI; (2) a Carrier's reported contribution to surplus exceeds 1.9%;<sup>1</sup> or (3) the aggregate medical loss ratio (MLR) for all of the Carrier's Small Group plans is less than 90% (hereinafter "Presumptive Disapproval Standards").

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<sup>1</sup> Subject to certain restrictions set forth in M.G.L. c. 176G, § 6(d).

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The Division will consider any Small Group rate filing submitted on or after October 1, 2012 for coverage issued or renewed during the first quarter of 2013 which contains proposed base rate changes that do not meet the Presumptive Disapproval Standards set forth above to be excessive and unreasonable in violation of M.G.L. c. 176J, § 6(c) and will disapprove such filing.

Questions about this Bulletin should be directed to Kevin P. Beagan, Deputy Commissioner of the Health Care Access Bureau, at (617) 521-7323, or [Kevin.Beagan@state.ma.us](mailto:Kevin.Beagan@state.ma.us).