

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

BULLETIN NO.: 13-2015

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL MEDICAL SERVICE CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND COMPANY TRADE ASSOCIATIONS AND OTHER INTERESTED PARTIES.

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: SUBMITTING QUARTERLY INDEX RATE CHANGES FOR SMALL EMPLOYER NON-GRANDFATHERED HEALTH BENEFIT PLANS AND SMALL EMPLOYER STAND-ALONE DENTAL PLANS

DATE: September 25, 2015

On February 18, 2014 the Director of the Rate Review Division, Center for Consumer Information and Insurance Oversight, CCIIO, U.S. Department of Health and Human Services disseminated a notice regarding allowable quarterly changes to small employer group index rates. Pursuant to 45 CFR §156.80(d)(3)(iii), and as indicated in the Director's notice, each state is allowed to determine when and how often to accept changes for small employer group plans, subject to the qualification that rates cannot change more frequently than quarterly. This bulletin clarifies Arkansas' position on the matter of small employer group index rates.

It is generally expected that the index rate for non-grandfathered Affordable Care Act, ACA, compliant plans (both individual and small group, on and off exchange) will be filed annually according to state and federal timelines. In the individual market, the index rate is not allowed to change under any circumstances until the next annual filing – that is, the rates are static within each calendar year. This bulletin applies only to carriers desiring to change their index rate or plans in the small employer pool, which excludes grandfathered and transitional plans.

The small employer rates and plans can change as frequently as quarterly. Two methods that can be used:

- 1) As part of the annual filing a carrier can include pre-filed quarterly rates in the rate template. The difference in rates for each subsequent quarter can only reflect an assumed trend adjustment. The premium rate designated for a quarter will be applicable to a group policy issued during that quarter and shall be effective for at least one policy year. That is to say, the rates in each year for the time period January 1, through March 31 apply to small employer groups effectuating or renewing coverage in the first quarter, and are effective for one year. The rates for the time period April 1 through June 30 apply to small employer

groups effectuating or renewing coverage in the second quarter, and are effective for one year. Third and fourth quarter rates are applied similarly. The Department encourages carriers to submit quarterly trend increases in the annual filing, rather than subsequent quarterly filings.

If a carrier files quarterly rates as part of their annual rate filing, the carrier must apply those rates to small employer effectuating or renewing coverage in that quarter, or else the carrier is out of compliance. A carrier must implement the pre-filed quarterly rate increases unless option (2) below is used.


- 2) A carrier may submit a quarterly filing to update the annual filing. However the insurer is subject to the following:
- A change to the small employer index rate can be filed quarterly, essentially allowing the index rate to be filed four times a year. As with an annual filing, the premium rate filed for a quarter will be applicable to a group policy issued during that quarter and shall be effective for at least one policy year.
 - If a carrier submits pre-filed quarterly rates for a year, but then later submitted a change to the index rate in a following quarter, the pre-filed rates would be nullified and replaced with the later submitted rates. The index rate for the groups starting or renewing in unchanged quarters of the annual filing would remain in effect.
 - Allowed changes for quarterly filings is limited to premium changes and not for benefit changes.

The Department will accept quarterly filings according to the following schedule:

- Filings for a second quarter effective date (April 1st through June 30th) must be submitted no later than December 15th of the previous year.
- Filings for a third quarter effective date (July 1st through September 30th) must be submitted no later than March 15th.
- Filings for a fourth quarter effective date (October 1st through December 31st) must be submitted no later than June 15th.

Carriers must also submit annual filings for effective dates of January 1st according to the applicable timelines and requirements.

For any questions regarding this Bulletin, please contact Booth Rand at 501-371-2820



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DATE 9/24/2015