

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

BULLETIN 2017-09-INS

In the Matter of

Rate Filing Requirements for
Individual Market

**Issued and entered
this 1st day of June 2017
by Patrick M. McPharlin
Director**

Providing affordable health coverage to residents of the state of Michigan is essential for their health and financial security. The Department of Insurance and Financial Services (DIFS) is requiring primary and alternative premium rate filings to assure competitive health coverage to all residents.

As issuers are likely aware, the federal government has not confirmed that it will fund cost-sharing reductions (CSRs) for plans covering individuals up to 250% of the federal poverty level and eligible American Indians. CSR payments to Michigan issuers were approximately \$166 million in 2016. If CSRs are not funded by the federal government, issuers offering individual silver plans on the Marketplace will need to fund them. If rates do not account for such expenditures, these issuers could suffer significant financial losses. Unfortunately, this means higher premiums will be charged.

Due to this uncertainty and the need to encourage issuers to participate in the Marketplace, DIFS is requiring issuers to submit two premium rate filings as follows:

- 1) A rate submission assuming no CSR payments will be made (Rate Submission I with a CSR load¹);
- 2) A rate submission assuming CSR payments will be made similar to existing payments (Rate Submission II).

Rate Submission I must reflect:

- 1) A CSR load that will only apply to the On-and Off-Marketplace silver plan premiums;
- 2) A CSR load that will not apply to other metal level plans including the silver plan Off-Marketplace only premiums;
- 3) A CSR load will be addressed in the actuarial memorandum. This will include the single factor explicitly stated and justified;
- 4) The rate submission must follow all other requirements from Section 4 and Exhibit 1 of Bulletin 2017-05-INS.

¹ CSR load is a single factor which is calculated and applied uniformly across all silver Marketplace plans.

Rate Submission II must reflect:

- 1) Rates as if the federal government will fund CSRs for 2018;
- 2) The rate submission will be submitted in the SERFF Rate/Form filing only (not the Binder) under the Supporting Documentation tab labeled “Rate Submission II”;
- 3) The rate submission must include all “Federal Required Templates” as shown in Exhibit 1 of Bulletin 2017-05-INS.

For both rate submissions, issuers must follow the File Naming convention identified on page 5 of Bulletin 2017-05-INS, with the addition of “CSRload” and “noCSRload” included in the name. Therefore, the names will be as follows:

- IssuerName_MIFormDescription_Version#_CSRload; and
- IssuerName_MIFormDescription_Version#_noCSRload

If no federal government action occurs to confirm full funding of the CSRs, the primary rate submission (Rate Submission I) reflecting the CSR load will be considered for transfer to CMS on the final deadline for submission of QHP data, August 16, 2017 (or on a later date if CMS allows).

If the federal government confirms the funding of the CSRs on or before August 16, 2017, the alternative rate submission (Rate Submission II) will be considered for transfer to CMS. In this event, issuers will be required to:

- 1) Replace all federal rate-related documents (Parts I, II, & III, and Rates Table Template) in the Binder;
- 2) Resubmit Rate Submission II (Parts I, II, and III) to HIOS;
- 3) Submit a post-submission update in the “Company Rate Information” SERFF Rate/Form filing under Rate/Rule Schedule tab.

Please note that information in this Bulletin is subject to change as guidance is finalized. Issuers are strongly urged to routinely check the DIFS website and SERFF State Messages for updates.

Any questions regarding this bulletin should be directed to:

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/s/

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