STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

BULLETIN 2014-06-INS

In the Matter of

2015 Form and Rate Filing Requirements for Health Plans
_____/

Issued and entered
this 26th day of March 2014
by Annette E. Flood
Director

SECTION 1: CERTIFICATION AND RECERTIFICATION PROCESS AND STANDARDS FOR QUALIFIED HEALTH PLANS (QHPs)

General Information and Timelines

The Department of Insurance and Financial Services (DIFS) will continue to perform Plan Management functions for the 2015 plan year. Plan Management functions are part of DIFS' regulatory role for QHPs and plans offered on and off the Marketplace. Issuers will work directly with DIFS to submit all QHP application data in accordance with federal and state guidelines. The System for Electronic Rate and Form Filing (SERFF) will be used by issuers to transmit information to DIFS, and DIFS will use SERFF to transmit information to the Centers for Medicare & Medicaid Services (CMS).

Many of the same guidelines apply to issuers filing plans offered off the Marketplace and these items are referenced in this Bulletin. This bulletin addresses only those areas where guidance has changed from 2014 or where additional clarification is necessary. The omission of any particular federal or state requirement from this bulletin should not be construed to mean that compliance with those requirements is not necessary. For additional guidance, issuers are urged to refer to the CMS 2015 Letter to Issuers in the Federally-facilitated Marketplaces dated March 14, 2014 (CMS 2015 Letter to Issuers).

New Plans and Recertification of 2014 Plans

For the 2015 plan year, DIFS' process for recertifying a QHP will largely mirror the 2014 initial certification process. New plans and plans being recertified will be required to submit much of the same information.

Timeline for Issuers Filing Plans On the Marketplace and Issuers Filing Plans Both On and Off the Marketplace

Issuers should be aware that offering any plan on the Marketplace subjects all of that issuer's plans (on and off the Marketplace) to the following set of deadlines:

Activity		Dates
QHP Application Submission and Review Process	Michigan Filing Deadline	06/09/2014
	DIFS Transfers Plan Data to CMS	08/08/2014*
	CMS Reviews Plan Data	08/11/2014 to 08/25/2014*
	CMS Notifies DIFS of Necessary Corrections to QHP Data	08/26/2014*
	Final Deadline for Issuers to Resubmit Data Into SERFF	09/04/2014*
	DIFS Transfers Revisions to CMS	09/05/2014 to 09/10/2014*
	CMS Completes Re-Review of Plan Data and State Recommendations	09/22/2014*
	Limited Window for Plan Correction	09/24/2014 to 10/06/2014*
QHP Agreement/Final Certification	Certification Notices and QHP Agreements Sent to Issuers, Agreements Signed, QHP Data Finalized	10/14/2014 to 11/03/2014*
Open Enrollment		11/15/2014
*All dates based on CMS functions are subject to change		

Timeline for Issuers Filing Plans Only Off the Marketplace

There is a special DIFS filing deadline for issuers operating solely off the Marketplace. The deadline to submit forms, rates, and binder filings is September 15, 2014 for plans beginning January 1, 2015.

2015 Filing Requirements: On and Off the Marketplace

See Exhibit 1.

Michigan Forms Checklist (Revised for 2015)

The revised Michigan Forms Checklist must be completed and filed in SERFF under the Supporting Documentation tab. The Forms Checklist must be filed in both Excel and PDF format[1], and must be filed with both the forms filing and the binder. Please note that this requirement for PDF format is new this year.

Revisions to Previously-Approved QHPs: Red-Lined Versions

Issuers revising previously approved QHP forms must provide red-lined versions. The red-lined and clean versions should both be filed under the Forms Schedule tab of the SERFF rate and form filing under the same Item Number.

Michigan Rates Checklist (Revised for 2015)

The revised Michigan Rates Checklist must be completed and filed in SERFF under the Supporting Documentation tab. The Rates Checklist must be filed in both Excel and PDF format, and must be filed with both the rates filing and the binder filing. Please note that this requirement for PDF format is new this year.

SERFF Filings

Issuers should be aware that all filings submitted via SERFF (on- and off-Marketplace) are considered to be public immediately upon being filed in SERFF. This is a change from the transitional filing process that was established for the 2014 coverage year only.

An issuer should submit the same Business Rules Template when filing both individual and small group rate and form filings and associated binder filings.

All federal and Michigan-specific templates[2] must be filed in Excel **and** PDF formats. Please note that this requirement for PDF format is new this year. (See instructions for converting an Excel document to PDF at footnote 1, above.)

[1] To convert an Excel document to a .pdf, select File and then Print. Under the print settings section, adjust the orientation and scale until the contents are legible. If the Excel document has multiple worksheets, perform these adjustments for each worksheet. When finished adjusting, select File, then Save As. Change the Save As type to PDF and select the Save button.

[2] The required SERFF templates are: Administrative Data, Plan and Benefits, Prescription Drug, Network, Service Area, Essential Community Providers, Rate Data, Rating Business Rules, and Unified Rate Review Templates. In addition, DIFS requires the Michigan Network Data Template.

Product Withdrawal and Uniform Modification

CMS has proposed standards regarding product modifications and what would constitute uniform modifications and what, alternatively, constitutes the withdrawal of the existing product and the creation of a new product. Any changes made pursuant to federal or state law requirements—such as increases to annual limits on cost sharing—would be considered a uniform modification rather than a product withdrawal. Modifications not required by law would be considered modifications of coverage if they meet all of the following criteria:

- The product is offered by the same issuer;
- The product is the same product type (e.g., PPO or HMO);
- The product covers the majority of the same counties in its service area;
- The product has the same cost-sharing structure, except for variations in cost-sharing related solely to the utilization or cost of medical care necessary to maintain the same metal level of coverage; and
- The product provides the same covered benefits, except for changes in benefits not attributable to legal requirements that cumulatively affect the rate for the product by no more than two percent.

DIFS will apply these standards to all plans submitted for the 2015 year, whether offered on or off the Marketplace.

SECTION 2: CERTIFICATION STANDARDS

Licensure and Good Standing

DIFS will review the licensure status of all issuers filing plans on and/or off the Marketplace.

Service Area

With regard to plans offered on the Marketplace (and if the same plan is also offered off the Marketplace), CMS requires that any partial service areas (geographic areas smaller than a county) offered on the Marketplace be established without regard to racial, ethnic, language, or health status related factors. Issuers with partial service areas must submit a partial service area justification in the supporting documentation tab of the binder. Issuers should refer to the CMS Service Area Partial County Justification Cover sheet located in the Supporting Documentation tab in SERFF for instructions regarding acceptable reasons for partial service areas. Partial service area requests will be reviewed on a case-by-case basis. Issuers of on-Marketplace plans are urged to refer to the CMS 2015 Letter to Issuers dated March 14, 2014, for additional guidance.

Network Adequacy

DIFS will collect network detail for all plans on the Michigan Network Data Template. The Network Data Template is required for all networks, including dental-only networks, and is available with accompanying instructions in SERFF and on the DIFS website at: https://www.michigan.gov/difs/forms/insurance. The template has been updated to allow issuers the expanded data capacity to include providers with multiple sub-specialty health services. Narrowed and tiered networks will be reviewed using the template.

All network reviews for plans offered on the Marketplace are subject to CMS oversight. Issuers should review DIFS' recently updated Michigan Network Adequacy Guidance at the above link for more information.

Essential Community Providers

Issuers of on-Marketplace plans should refer to chapter 2, section 4, pp. 18-24, of the CMS 2015 Letter to Issuers for current Essential Community Provider requirements.

Patient Safety Standards

As outlined in Chapter 2, Section 6, pp. 26-27, of the CMS 2015 Letter to Issuers, issuers contracting with hospitals with more than 50 beds must verify that the hospital (as defined in section 1861(e) of the SSA) is Medicare-certified or has been issued a Medicaid-only CMS Certification Number (CCN). To comply with this requirement, issuers must include in their binder submission, within the Supporting Documentation tab, an attestation that the issuer has collected and is maintaining the required documentation from its network hospitals.

SECTION 3: BENEFIT DESIGN (APPLICABLE TO ALL PLANS)

Guaranteed Renewability

All group and individual plans offered on and off the Marketplace must comply with federal and state law regarding guaranteed renewability, including all applicable federal regulations and guidance and DIFS Bulletin 2011-17-INS.

In addition, CMS has recently determined that federal regulations governing guaranteed availability supersede certain state law requirements. See 45 C.F.R. § 148.128; 45 C.F.R. § 147.104. As a result, issuers are no longer required to offer conversion policies under MCL 500.3612.

Actuarial Value (AV) Requirements

All individual and small group plans offered on and off the Marketplace must be assigned to one of the four "metal level" AV tiers or be classified as a catastrophic plan. Determinations of AV must conform to 45 C.F.R. § 156.140.

Essential Health Benefits (EHB)

EHB Benchmark Plan

Michigan's benchmark plan for 2015 is the same as it was for 2014. Issuers should review the benchmark to ensure their on- and off-Marketplace plans conform to it.

Mental Health Parity and Addition Equity Act (MHPAEA)

All group and individual plans must comply with the federal Mental Health Parity and Addiction Equity Act and applicable regulations. In particular, issuers should carefully review the final rule implementing the MHPAEA, issued on November 13, 2013, and effective January 13, 2014. The final rule generally applies to plan and policy years beginning on or after July 1, 2014. Issuers should review the final rule to determine whether a particular plan is subject to the MHPAEA and to determine whether a plan is in compliance with that statute and regulations.

Actuarially Equivalent Substitutions of EHB

Actuarially equivalent substitutions of EHB are not permitted in Michigan.

SECTION 4: BENEFIT DESIGN (APPLICABLE TO ON-MARKETPLACE PLANS ONLY)

Accreditation

45 C.F.R. § 155.1045 establishes the timeline by which issuers offering plans on the Marketplace must be accredited by NCQA, URAC, or AAAHC. An issuer's accreditation status will be available to consumers at the Marketplace website.

Required Cost-Sharing Variations for Individual Market Plans Only

45 C.F.R. § 156.420 requires several cost-sharing plan variations for issuers offering coverage in the individual market on the Marketplace. Issuers must submit for approval the three plan variations for each silver plan offered, and the two zero- and limited-cost sharing variations for each plan at any AV level.

SECTION 5: RATING REQUIREMENTS (APPLICABLE TO ALL PLANS)

Rating Factors

Rates may vary based only on the following factors:

- whether the coverage or plan covers an individual or family;
- rating area;
- age (within a ratio of 3:1 for adults);
- tobacco use (within a ratio of 1.5:1).

Additional Michigan Rating Factor Determinations

Michigan has made the following determinations related to the allowable rating factors, applicable to all individual and small group plans:

Age Rating

Michigan plans must adhere to the 3:1 ratio and federal default age curve for both individual and small group markets.

Tobacco Ratio

Issuers will not be required to use a tobacco ratio less than 1.5:1. Issuers will be allowed to vary their tobacco ratio based on age, as long as the ratio does not exceed 1.5:1 for any specific age.

Standard Family Tier

Michigan will not require the use of a standard family tier.

Per-Member Rating

Michigan requires per-member rating in the small group market. Issuers wishing to offer small employers the option to be billed on a composite premium basis must comply with the requirements set forth at 45 C.F.R. § 147.102(c)(3), including the development of separate composite premiums for individuals age 21 and older and individuals under age 21.

Geographic Rating

Michigan will maintain the 2014 geographic areas for use in both the individual and small group market for the 2015 year. As allowed under 45 C.F.R. § 147.103, the number of geographic areas are equal to the number of metropolitan service areas plus one, which equals 16 in Michigan. The 16 defined geographic areas, with each of the 83 counties in Michigan assigned to

one of 16 geographic areas and labeled A through P, can be found on the DIFS website here.

Merging of Markets

Pursuant to 45 C.F.R. § 156.80, Michigan requires issuers to maintain separate risk pools for the individual and small group small markets.

Small Group Quarterly Rate Changes for 2014

General Requirements

Beginning with the 3rd quarter of 2014, DIFS will permit issuers in the small group market to amend rates submitted in their annual rate filing for the 3rd and 4th quarters. The quarterly filing must include rates for the remainder of the year and meet all the requirements of the DIFS Rates Checklist, including submission of the following documents: the Part III Actuarial Memorandum, Unified Rate Review Template, Rates Template, and Business Rules Template.

Deadlines

DIFS has previously advised that the deadline for 3rd quarter changes is May 2, 2014. DIFS is changing this deadline to **April 15, 2014**, because the Center for Consumer Information and Insurance Oversight has indicated that it may require 3rd quarter rates to be finalized in the SHOP by May 15, 2014. DIFS will not accept filings that are effective only for the 4th quarter of 2014, due to conflicts in timing between the annual filing and the 4th quarter filing.

SECTION 6: DEFINITION OF "SMALL GROUP"

The definition of "small group" or "small employer" varies according to whether plans are being offered on or off the Marketplace. Starting in 2016, all states will be required to adopt the same definition of small employer. CMS has said that it will address any conflicts between state and federal law prior to the 2016 review period.

On the Marketplace

The number of employees for plans offered on the Marketplace should be determined as set forth in § 4980H(c)(2) of the Internal Revenue Code, 26 U.S.C. § 4980H(c)(2). This method differs from Michigan state law, and uses a full-time equivalent method for counting employees.

Off the Marketplace

Michigan law defines "small employer" as up to 50 employees. This definition, which includes full-time employees working 30 or more hours per week, will be

maintained through December 31, 2015, and applies to plans being offered off the Marketplace only.

SECTION 7: WELLNESS PLANS

General Guidelines

Wellness plans, either participatory or health-contingent, may be offered with both individual and small group plans. Any wellness plan must:

- Meet the requirements of 45 C.F.R. 146 and 147;
- Be a part of the policy (i.e., not offered separately); and
- Be approved by DIFS.

Small Group Plans Rated for Tobacco Use

Issuers must include a health-contingent wellness plan in the small group market if they are rating for tobacco use. The plan must provide for a reduction or elimination of the tobacco rating if the insured participates in a tobacco cessation program. The plan must also meet the requirements stated above. The plan materials must describe the conditions and benefits of the wellness plan; simply stating that a wellness plan is offered is not sufficient.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services
Office of Insurance Rates and Forms
611 West Ottawa Street
P.O. Box 30220
Lansing, Michigan 48909-7720

Toll Free: (877) 999-6442

Annette E. Flood
Director

DIFS
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Exhibit 1

2015 Filing Requirements On and Off the Marketplace

Template Name	Requires submission via **SERFF**			Requires submission via **HIOS**		Must be filed with:
	Health Plans		**Stand-Alone Dental**	**Health Plans**		
	Required for On-Marketplace & On/Off-Marketplace	Required for Off-Marketplace (Issuer has **NO** On-Marketplace plans)	Required for On-Marketplace & On/Off-Marketplace	Required for On-Marketplace & On/Off- Marketplace	Required for Off-Marketplace (Issuer has **NO** On-Marketplace plans)	
Federal Requirement						
Administrative	Yes	Yes	Yes			Binder only
Essential Community Providers	Yes	No	Yes			Binder only
Actuarial Value Calculator	Yes	Yes	No			Binder only
Plan/Benefit	Yes	Yes	Yes			Binder only
Plan/Benefit Add-in	Yes	Yes	Yes			Binder only
Service Area	Yes	Yes	Yes			Binder only
Network	Yes	Yes	Yes			Binder only
Prescription Drug	Yes	Yes	No			Binder only
Rate Data	Yes	Yes	Yes			Rate Filing & Binder
Business Rules- **1** per Issuer. Include **both** Ind. & Sm. Grp.	Yes	Yes	Yes			Rate Filing & Binder
Accreditation	Yes	No	No			Binder only
Unified Rate Review	Yes	Yes	No	Yes	Yes if **any** product includes a rate increase.	Rate Filing & Binder
Part II Consumer Justification Narrative	Yes, for each product with >10% increase.	Yes, for each product with >10% increase.	No	Yes, for each product with >10% increase.	Yes, for each product with >10% increase.	Rate Filing & Binder
Part III: Actuarial Memorandum	Yes	Yes	No	Yes	Yes, if any product includes a rate increase.	Rate Filing & Binder

3/21/2014

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Exhibit 1

2015 Filing Requirements On and Off the Marketplace

Template Name	Requires submission via **SERFF**			Requires submission via **HIOS**		Must be filed with:
	Major Medical		**Stand-Alone Dental**	**Major Medical**		
	On- Marketplace & On/Off- Marketplace	Off- Marketplace (Issuer has **NO** On-Marketplace plans)	On- Marketplace & On/Off- Marketplace	On- Marketplace & On/Off- Marketplace	Off- Marketplace (Issuer has **NO** On-Marketplace plans)	
Michigan Requirement						
MI Network Data	Yes	Yes	Yes			Binder only
MI Forms Checklist Revised for 2015	Yes	Yes	Yes			Form Filing & Binder
MI Rates Checklist Revised for 2015	Yes	Yes	Yes			Rate Filing & Binder
Deadline for Filing-All required Templates must be completed before filing.	**June 9, 2014**	**September 15, 2014**	**June 9, 2014**	**June 9, 2014**	**September 15, 2014**	

NOTE: If DIFS requires a revision to any Template, the revised Template must be submitted in all filings where it was originally required. For example; a revision to the Unified Rate Review must be submitted in both the Binder and the Rate Filing, while a revision to the Actuarial Value Calculator need only be submitted in the Binder.