

Michigan Office of Financial and Insurance Regulation (OFIR) Frequently Asked Questions about OFIR Bulletin 2011-14-INS (Health Insurance Rate and Form Filing and Approval)

August 31, 2011

Applicability

Q1. How is the regulation of individual health insurance forms and rates impacted by Bulletin 2011-14-INS?

Individual rates for commercial carriersⁱ are subject to MCL 500.3474, which requires filing prior to implementation. Bulletin 2011-14-INS clarifies the applicability of MCL 500.2242(2) and states that, effective September 1, 2011, individual health insurance rates for commercial carriers must be filed *and* are subject to a 30 day review.

The regulation of individual forms for commercial carriers is unaffected by the Bulletin. Individual forms remain subject to review under MCL 500.2236 (as restored by Bulletin 2010-02-INS) and allows for forms to be deemed approved absent any action by OFIR within 30 days of submission.

Q2. How is the regulation of group health insurance forms and rates impacted by Bulletin 2011-14-INS?

Prior to September 1, 2011, small group rates for commercial carriersⁱ were not required to be filed with OFIR (per Bulletin 97-010-M). Bulletin 2011-14-INS clarifies the applicability of MCL 500.2242(2) and states that, effective September 1, 2011, small group rates for commercial carriers must be filed and are subject to a 30 day review. (Large group rates are excluded from review as large group is not included in the rate review provisions of the federal Patient Protection and Affordable Care Act (PPACA).)

The regulation of small and large group forms is unaffected by the Bulletin. Small and large group forms remain subject to review under MCL 500.2236 (as restored by Bulletin 2010-02-INS) and allows for the forms to be deemed approved absent any action by OFIR within 30 days of submission.

Q3. Are you requesting that carriers file their current rates and forms for individual and small group health coverage even if no rate change is contemplated on or after September 1?

No. We are not requiring companies to file their current rate manuals. However, to expedite the review process, we encourage companies who plan to change rates on or after September 1 to include a complete rating manual with their filing.

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Q4. Does Bulletin 2011-14-INS apply to disability income (e.g. LTD, STD) type policies?

No. The Bulletin is intended to clarify the filing requirements due to recently released federal regulations regarding rate review processes promulgated by PPACA. Therefore, only health insurance rates and forms are impacted by the Bulletin. You should continue to file disability income rates and forms pursuant to current statutes.

Q5. What is the definition of “small groups”?

Small groups are defined by MCL 500.3701 as “any person, firm....actively engaged in business who...employed at least 2 but not more than 50 eligible employees.” PPACA defines small groups as up to 100 employees and will require all states to comply with the new definition of small groups starting with plans incepting January 1, 2016 and later.

Q6. Are HMO forms and rates affected by this Bulletin?

No. HMO forms and rates will continue to be governed by Chapter 35 of the Michigan Insurance Code.

Q7. Are rates and forms applicable to non-profit healthcare corporations (e.g. Blue Cross Blue Shield of Michigan) affected by this Bulletin?

No. Rates and forms for non-profit health care corporations are governed by 1980 PA 350. However, due to the requirement that all rates be subject to disapproval under PPACA, OFIR will review the rate impact of small group factor changes under Section 608(3).”

Q8. What does OFIR consider to be a rate change that requires filing?

Although PPACA requires only filings to be made to CMS if the rate increase equals or exceeds 10%, OFIR requires HMOs, nonprofit healthcare corporations and commercial carriers¹ to file for review and approval all changes to individual and small group forms or rates affecting new or renewal business on or after September 1, 2011.

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Filing Review

Q9. What is the expected timeline for OFIR to review our form/rate filing?

Bulletin 2011-14-INS clarifies the filing requirements for individual and small group health insurance rates for commercial carriersⁱ under MCL 500.2242(2) which provides for a 30 day review period.

Q10. Will you accept filings more than 30 days in advance of the rate change effective date?

Yes. We encourage companies to file early in anticipation that OFIR will use the entire 30 day review period.

Implementation Concerns

Q11. We have already implemented rate changes effective on or after 9/1/2011. Should we file our rates anyway?

Yes. Since Michigan was deemed to have an effective rate review program by CMS as defined under PPACA, companies must file any rate changes affecting policies issued on or after September 1, 2011.

Q12. Our company implemented a rate change prior to September 1 that included monthly/quarterly trend factors. Are we required to submit a rate filing for these previously scheduled changes affecting policies on or after September 1?

OFIR expects to receive only rate filings for any rate changes implemented on or after September 1, 2011. For example, if you implemented a rate change including monthly trend factors effective July 1, 2011, you will not need to file your rates unless you implement a change that impacts your base rates, trend factors, or any other rating elements.

ⁱ Insurers authorized to write health insurance in Michigan not organized as an HMO or non-profit health care corporation (i.e. Blue Cross Blue Shield of Michigan).