



April 8, 2011

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Re: Annual Small and Large Employer Group Rate Factor Filings

Dear Health Plans:

With respect to the upcoming small and large employer group rate factor filings, we are providing the following guidance for the filing of information necessary for the Commissioner to determine that a carrier's filing is complete:

1. Purpose

It is the intent of the Office of the Health Insurance to continue to refine the rate factor review process that holds commercial health plans with significant market shares in Rhode Island publicly accountable for meeting the standards set forth for them in statute and regulation.

2. Effective Period of Rate Factors

Rate factors resulting from this process will be applicable for rates effective starting January 1, 2012 and continuing through December 31, 2012.

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3. Timing

OHIC will review large group and small group rating factors contemporaneously. All materials called for here should be submitted to OHIC via SERFF by May 10, 2011. A decision on each filing by each plan is expected by June 24, 2011. This decision will either (1) inform each plan that OHIC will either accept the filings or (2) will be an initial determination that the filings will not be approved. If the filing is accepted, the plan need not do anything further. If, however, OHIC makes an initial determination that the filings will not be approved and provides guidance as to what would constitute an acceptable filing, the plans will then have approximately two weeks to either: (1) refile based on OHIC's recommendation or (2) reject OHIC's initial determination and request a hearing. If a plan does nothing, OHIC will deem the plan to have requested a hearing.

4. Conditions

As permitted by law, OHIC reserves the right to attach conditions to its decisions regarding these rate factors. Depending on the nature of the conditions, OHIC may engage in a public review process prior to their adoption.

5. OHIC Authority

Any hearing will be conducted pursuant to R.I. Gen Laws §§ 27-19-6, 27-20-6 and 42-62-13. As a result of the hearing, OHIC may approve, modify or reject the rate factors filed by the health plans.

6. Standards To Be Used By OHIC For Review

The rate factor filing must be consistent with the proper conduct of each plan's business and in the interest of the public. The filing should comply with all the requirements of this letter and should include a form that substantially conforms to, and includes the elements contained in, the template appended to this letter. Failure to meet the standards outlined in this letter, including completion of the template, will result in a rejection of the filing. The standards that OHIC will use for review of the rate factors are outlined in OHIC Regulation 2.

7. Documents To Be Included In The Filing

The following documents should be included in the filing:

- Rate factor template for large group and small employer groups, as defined by Rhode Island law (attached). These will be the specific factors under review by OHIC. On the basis of insufficient enrollment and inadequate claims history in the market, a health plan may request one or more waivers from the template requirements upon

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demonstrating to the satisfaction of the Commissioner that unique circumstances warrant deviation from the template.

- Actuarial and financial analysis to justify the rate factors requested. Health plans may use whatever format they deem appropriate.
- Completed Provider Contracting Practices Survey (attached).
- Completed Resources for Health Systems Improvement Survey (attached).
- Completed Administrative Costs Survey (attached).
- Documentation and analysis comparing the carrier's standard plan PMPM and PMPM increase (see template Part 3) with the most comparable plan in the other New England states.
- Other materials at the discretion of the applicant, which support its request and/or document the applicant's compliance with Section Nine of OHIC Regulation Two.

8. OHIC Review Process

OHIC will produce analyses based on the health plan filings and externally available data. OHIC will engage the services of a consulting actuary – Charles DeWeese - and a financial analyst to review the filings, who may contact appropriate plan officials with further questions. Your cooperation with these inquiries is expected and appreciated. Costs for these consulting services will be borne by the plans in proportion to market share.

In conjunction with the review, OHIC will also conduct its annual provider survey.

9. Public Input and Accessibility

Oral and written public comment will be solicited electronically and at the May meeting of the Health Insurance Advisory Council. OHIC may convene additional public meetings.

Health plans may request confidentiality on parts of the documents they submit as part of this filing. Confidentiality is granted in rare circumstances and in accordance with past OHIC rulings on confidentiality. Any plan requesting confidentiality must provide a detailed justification for its request and a specific list of items to which confidentiality should apply. A blanket request for confidentiality for the entire filing will be rejected.

April 8, 2011

10. Amendments/Additional Filings

While we intend for this filing to be effective for a one-year period, plans will be permitted to make additional rate factor filings later this year if they judge circumstances have changed so as to warrant an updated filing. In the future, we may consider putting a mechanism in place that would reduce the need for multiple rate filings during a twelve-month period (such as allowing a plan to vary the trends approved in the annual filings up or down by an agreed upon margin) in the final regulation. For this filing, however, no such mechanism will be put into place.

Thank you for your cooperation with this process. Please contact the Office with any questions. Where possible, answers and briefings will be conducted with all plans so as to ensure consistent information.

If you have any questions regarding this correspondence, please feel free to call Herb Olson.

Very truly yours,



Christopher F. Koller
Health Insurance Commissioner

Attachments

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