2017-2018
Student Health Insurance
Rate Filing Guidance

Pennsylvania Insurance Department
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A. General Instructions

This document outlines the rate filing requirements for all student health insurance plans offered in Pennsylvania for the 2017-2018 school year.

1. Timeline
Rate filings must be submitted in a two-part process. First, the insurer must submit a rate filing that includes an actuarial memorandum and a rate manual (“the rate manual filing”) by January 30, 2017. For this academic year only, the Department will permit the rate manual filing to be effective upon submission as long as all requirements set forth herein are met and the actuary certifies such. (Please note that the Department may ask clarifying questions on filings that are effective upon submission in order to inform our understanding of student health rating practices.) Otherwise, the Department will review and approve the rate manual filing by March 31, 2017. Insurers may enter into plan design negotiations with institutions of higher education during the Department’s review.

The Department acknowledges that insurers may engage in a negotiation process with institutions of higher education to determine the benefit package, and therefore may not be able to submit final rates until after the negotiation process is completed, often in the spring.

Within 15 business days of finalizing a contract with an institution, the insurer must submit a separate specific named group filing for the institution. A separate specific named group filing is required for each institution with which the insurer contracts. The Department will review the filing to confirm that the final rates were developed in accordance with the rate manual and upon completing the review will mark the filing in SERFF as approved.

Rate manual filings will be published no later than 15 days after receipt, according to the PA Bulletin schedule. Filings will be open for a 30-day public comment period. Final rates will be made public upon being marked as approved in SERFF.

2. Pennsylvania Filing Requirements

A. Required Documents
Pennsylvania requires annual rate filings for all student health insurance plans, including those with rate decreases or unchanged rates. All rate manual filings must be made in both SERFF and HIOS.

Filings will be considered incomplete and rejected if the items listed in the table on the following page are not included. Every rate filing for student health insurance plans must include all of the required documents listed in the table below.

45 CFR § 154.215(h) specifies that CMS will make available on its website the information contained in Part 2.

Consistent with guidance provided during the annual rate review cycle for calendar year ACA-compliant plans, the Department does not anticipate redactions other than the following items:

1. AV screenshots,
2. Opining actuary’s name,
3. Specific provider contracting information, and

If the issuer does not submit any redacted documents, the Department will make public the un-redacted versions.
B. HIOS Submission

All HIOS submissions must include the SERFF tracking number.

C. SERFF Submission

The following Types of Insurance (TOI), Sub-Types of Insurance (Sub-TOI) and Filing Types must be used. Rate and form filings must be submitted as separate filings.

Rate Manual Filing
- TOI – Student Health Insurance
  - H22 Student Health Insurance
  - Sub-TOI - H22.000 Student Health Insurance
- Filing Type
  - Rate

Specific Named Group Filing
- TOI – Student Health Insurance
  - H22 Student Health Insurance
  - Sub-TOI - H22.000 Student Health Insurance
- Filing Type
  - Rate confidential – specific named group (will be made public)

D. SERFF Rate/Rule Schedule Tab

Rate Manual Filing
The SERFF Rate/Rule Schedule tab should contain the proposed rate manual.

The Company Rate Information and Rate Review Detail must be accurate and completed to the extent possible. The Supporting Documentation tab should contain the Actuarial Memorandum and rate exhibits.
Specific Named Group Filing
The SERFF Rate/Rule Schedule tab should contain the final rates.

The Company Rate Information and Rate Review Detail must be complete and accurate. The data presented should be product-specific, and should be consistent with the data that appears in the corresponding RRJ.

The Supporting Documentation Tab should contain the product-specific Rate Review Justification (RRJ), the Part 1 Rate Increase Summary Form, Part 2 Written Explanation of Rate Change, and Rate Exhibit.

E. Pennsylvania Insurance Department Contact

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B. Cover Materials

A. Cover Letter / PA Bulletin Information – Rate Manual Filing

All rate manual submissions will be published in the Pennsylvania Bulletin. This PDF document must contain the following information. Ensure that the PDF is not locked and is in text rather than image format.

1. Company name & NAIC number
2. Corresponding contract form number and SERFF ID numbers
3. Estimated effective date of coverage, including policy year start and end dates
4. Current number of covered lives and policyholders (as of November 1, 2016)
5. Rating areas

B. Cover Letter – Specific Named Group Filing

1. Company name & NAIC number
2. Corresponding contract form number and SERFF ID numbers
3. HIOS plan ID number and submission tracking number
4. Institution of higher education with which the insurer is contracting
5. Average rate change (% and $) and range
6. Effective date of coverage, including policy year start and end dates
7. Current number of covered lives and policyholders (as of November 1, 2016)
8. Policy year revenue
9. Additional revenue from rate increase
10. Rating areas

C. Rate Manual

Student health insurance is defined as a type of individual health insurance under 45 C.F.R § 144.103 and § 147.105. Additionally, 45 C.F.R. 147.145(b)(3) states that “student health insurance rates must reflect the claims experience of individuals who comprise the risk pool, and any adjustments to rates within a risk pool must be actuarially justified.” Therefore, in accordance with federal regulation, all rating factors and adjustments must be quantified in the rate filing, e.g., underwriting adjustments or underwriter discretion are not allowed.
The Rate Manual must contain the step-by-step methodology to develop the institution rate(s). The Rate Manual must demonstrate all factors used in developing the rate, as well as the criteria used in determining which factors and processes are appropriate for a given institution. The Rate Manual must include criteria for the following:

- Manual rate development for new business and plans with no or little credible experience,
- Experience rate development for plans with credible experience; and
- The credibility formula that generates the blended rate for schools with partially credible experience.

The rate manual must include a step-by-step development of rate determination for new business and renewal business, including an Excel exhibit that demonstrates step-by-step rate calculation examples.

To the extent that the issuer only offers set plan designs and community rates on a statewide basis, the rate manual filing should contain these rates.

D. Actuarial Memorandum

The actuarial memorandum provides narrative that supports the rate manual, including the credibility formula, factors and their application. It must document data sources and discuss how this data is appropriate for use in the development of Pennsylvania student rates. Consistent with ASOP No. 8, the filing actuary should satisfy the requirements of all applicable law, including 45 C.F.R. Subt. A, Subch. B, Pt. 147 and 40 P.S. §§ 3801.101 et seq. Please be diligent in adherence, as this will allow for a smoother review process. The actuarial memorandum should detail the pricing assumptions which underlie the proposed premium rate development, as shown in the Rate Manual. All exhibits and tables must be provided in Excel format and include working formulas.

Additionally, the memorandum must address the following:

1. Summary information
   a. A summary of how pricing assumptions for the proposed rate filing compare to the current/most recent previous rating practice
   b. Institutions of higher education in Pennsylvania with which the issuer has contracted to provide student health insurance for the 2016-2017 academic year
   c. Rate change history for renewing products
   d. Other states where the issuer is doing student health business

2. Benefits
   a. Benefit description and HIOS ID numbers, including identification of benefits in addition to EHBs
      ▪ The manual rate development of the claim costs and derivation of premiums for all ACA-specific benefits and provisions, including pediatric dental, pediatric vision, etc. should be justified.
   b. Benefit changes from the policy year experience period to policy year rate period, and development
   c. Description of how students may seek services covered under the policy (on and away from campus) and the benefit structure for payment for student health services in- and out-of-network

3. Retention
   a. Expense assumptions – uniform percent or variable, and basis
   b. Contingency and risk margins – uniform percent or variable, and basis

4. Risk pool identification and description
   a. Consistent with 45 C.F.R. §147.145(b)(3), “A health insurance issuer that offers student health insurance coverage may establish one or more separate risk pools for an institution of higher
education, if the distinction between or among groups of students (or dependents of students) who form the risk pool is based on a bona fide school-related classification and not based on a health factor.”

5. Factors – identify the data used and describe the development of the following factors, if included in the rate manual
   a. Area factors
   b. Network factors
   c. Enrollment method
   d. Tiering – if tiered rates may be used, demonstrate how the tier relativities will be developed

6. Morbidity assumptions

7. Trend justification
   a. Trend rates utilized in the pricing must be sufficiently justified, including data source(s) and all assumptions and adjustments.
   b. Include explanation of whether trends are developed on an institution-specific basis or statewide or national basis.

8. National loss ratios
   a. Provide federal medical loss ratios for student health business for the most recent three calendar years.

9. Credibility of data
   a. A credibility formula - The determination of credibility percentages assigned to plan experience should be justified including all assumptions.
   b. If the issuer plans to apply a cap and floor methodology to rate changes to smooth the impact of rate changes, describe how the issuer will apply this.

10. Manual data
    a. If manual data are used, identify the data source, show all adjustments, and explain why the data and adjustments are appropriate for the student health insurance market.

11. Completion factors
    a. Discuss how completion factors are developed and whether they are developed on an institution-specific, statewide, or national basis.

12. Guaranteed renewability
    a. Please note that according to 45 C.F.R. 147.145(b)(1)(iii), individuals in a student health plan cannot be non-renewed unless the individuals are no longer students or dependents of students; otherwise, 45 C.F.R. 147.106, Guaranteed Renewability of Coverage, applies. Please include such language in the filing.

13. Guaranteed availability
    a. Please note that according to 45 C.F.R. 147.145(b)(1)(ii), individuals in a student health plan cannot be refused coverage unless the individuals are not students or dependents of students; otherwise, 45 C.F.R. 147.104, Guaranteed Availability of Coverage, applies. Please include such language in the filing.

14. Final Rates
    a. If the rate filing does not include the final plan benefit designs and final rates, a statement must be included in the Actuarial Memorandum that the final plan benefit designs, final rates, and RRJ
will be filed with the Pennsylvania Insurance Department within 15 business days of finalization with an institution.

E. Actuarial Memorandum Certifications

Provide certification by a qualified actuary that to the best of the actuary’s knowledge and judgment:

1. The filing meets the guidance provided herein
2. The rate filing is in compliance with the applicable laws of the Commonwealth of Pennsylvania;
3. The rate filing is in compliance with applicable federal laws, including that:
   a. Consistent with 45 C.F.R. §147.145(b)(2), all final plans will be developed to provide at least 60 percent actuarial value, as calculated in accordance with 45 C.F.R. §156.135, and
   b. All final rates will be developed to meet an anticipated loss ratio, as calculated in accordance with 45 C.F.R. Subt. A, Subch. B., Pt. 158, such that it is anticipated that rebates will not be required
4. The rate filing complies with all applicable Actuarial Standards of Practice;
5. The benefits provided will be reasonable in relation to premiums; and
6. The premium schedule will not be excessive, inadequate, or unfairly discriminatory.

F. Rate Review Justification (RRJ)

Part 1: Rate Increase Form
The RRJ Part 1 must be completed, for each product proposed and filed, in Excel and PDF format for all renewing product filings, including filings with no rate increases and rate increases less than 10%. The RRJ is a standardized Excel-based form that collects product-level summary data on the underlying medical and administrative cost drivers of the rate increase. A separate RRJ must be filed for each product. Consistent with CFR §144.103, a product is “a discrete package of health insurance coverage benefits that a health insurance issuer offers using a particular network type within a service area,” and a plan is “the pairing of the health insurance coverage benefits under the product with a particular cost-sharing structure, provider network, and service area. The product comprises all plans offered with those characteristics”.


When populating Part 1, issuers should use the most recent policy year experience period data available, with two months run out.

Additionally, provide an accompanying Excel spreadsheet that shows the institutions included in each product-level aggregate RRJ, the number of enrolled students, the number of enrolled dependents, and the number of years the issuer has provided student health insurance.

Part 2: Written Explanation of the Rate Change
This form is required for all filings with rate changes, including filings with rate increases lower than 10%. This is a brief, non-technical consumer-oriented explanation of the rate change, intended to provide context for the quantitative information provided in Part 1 of the RRJ. Please see the “Rate Review Justification Instructions for Transitional Policies and Student Health Plans (Updated April 1, 2015)” from HHS for instructions, available at www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/RRJ-Instructions-Manual-20150401-Final.pdf.