

December 19, 2012

Centers for Medicare & Medicaid Services
Department of Health and Human Services
7500 Security Blvd
Attn: PRA Reports Clearance Officers
Mail Stop C4-26-05
Baltimore, MD 21244-1850

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed Paperwork Reduction Act rate review template posted on November 20, 2012. We write as the chief insurance regulators of our respective states and members of the National Association of Insurance Commissioners. The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States.

First, we would like to note the need for this template to be finalized and ready for use by issuers and state regulators as soon as possible. February 2013 has been suggested as a time when the template may be available; we strongly urge that it be available by mid-February, at the latest, so issuers and states can begin the daunting task of preparing for the October 2013 open enrollment period.

We are also concerned about the amount of data requested of issuers and the administrative burden and cost that is being placed on them. State insurance regulators work to ensure that the information collected from issuers is necessary to enforce laws and regulations, and that an undue burden is not placed on them. We encourage federal officials to continue to review the data and other information requested of issuers and work with state regulators to ensure that they do not result in unnecessary costs.

As for the template, although we certainly understand and appreciate the effort to expand the data collected in the rate review template in order to assist states in their rate reviews, many states believe that the proposed unified rate review template will not provide the information needed by the states for rate review. Several states are actually working on or have developed their own template. Because states have differing approaches to rate review, a single template will not meet the needs of all states. Therefore, we suggest the following:

1. Develop a data template designed to collect only the minimum amount of data CCIIO considers necessary for all non-rate review purposes.

2. Develop a separate rate review template, or alternatively create a separate section of the same template, designed specifically for rate filing review purposes.
3. Develop a separate rate review template, or alternatively create a separate section of the same template, designed specifically for Cycle II Rate Review grant reporting purposes.
4. Allow states with effective rate review programs to choose whether they want to require filers in the state to use the federal rate review template and/or the Cycle II Rate Review grant section/template. If the state chooses a different approach, using its own template or other means to collect the needed data, the issuer would only need to meet the state requirement in addition to the federal non-rate review template.
5. For states with effective rate review programs that do not choose to require the federal rate review template, do not require issuers to complete it. These issuers will be required to provide the rating information required by those states to perform their reviews.
6. For states without an effective rate review program, issuers would complete and submit to CCIIO the federal rate review template.

This would reduce the burden on issuers because, in an effective rate review state, issuers would not be required to complete CCIIO's unified rate review template in addition to providing each state's required rate review data. It may also reduce some burden on states in attempting to reconcile and explain any differences between the data provided on the federal rate review template and the rate review data required by the state.

In addition, CCIIO should give states the flexibility to expand the AV Pricing Value field (row 16 in Worksheet 2) to isolate each of the allowed plan level adjustments to the index rate. Specifically, §156.80 should allow for the following plan-level adjustments to the index rate:

1. The actuarial value and cost-sharing design of the plan;
2. The plan's provider network, delivery system characteristics, and utilization management practices;
3. The benefits provided under the plan that are in addition to the essential health benefits; and,
4. With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

State (and potentially federal) regulators will likely want to confirm that each component of the plan-level adjustment is actuarially justified and appropriately consistent across plans, and that additional adjustments are not being made to rates at the plan level.

We also recommend that:

1. The SERFF ID be included in the heading;
2. The experience period should include at least one month of paid claims run-out;

3. The instructions should state that the experience period should be for just the most recent calendar year, and if more than one year's experience is needed, it should be input through the credibility manual section;
4. For worksheet 3, the historical data should include either member months or policy count each year; and,
5. The inputs for paid claims and IBNR in worksheet 3, which is highly unusual, be replaced with inputs for total projected incurred claims, which is more consistent with issuer practice.

On worksheet 3, the premiums, claims and reserves should be accumulated and/or discounted to present value if interest is a significant factor in the calculation of the loss ratio. The following is the definition of anticipated loss ratio from the NAIC Guidelines for Filing of Rates for Individual Health Insurance Forms. We recommend adhering to this standard:

“The lifetime anticipated loss ratio derived by dividing (i) by (ii) where (i) is the sum of the accumulated benefits from the original effective date of the form to the effective date of the revision, and the present value of future benefits, and (ii) is the sum of the accumulated premiums from the original effective date of the form to the effective date of the revision, and the present value of future premiums, such present values to be taken over the entire period for which the revised rates are computed to provide coverage, and the accumulated benefits and premiums to include an explicit estimate of the actual benefits and premiums from the last date as of which an accounting has been made to the effective date of the revision. Interest shall be used in the calculation of these accumulated benefits and premiums and present values only if it is a significant factor in the calculation of this loss ratio.”

Finally, with regard to the collection of risk adjustment and reinsurance data:

1. In worksheet 2, rows 26 through 38, we recommend that section II include a row that documents the estimated net impact of the transitional reinsurance, risk adjustment, and risk corridor programs on the premium increase. For example, decreasing reinsurance payments will materially impact rate increases. Issuers may want to document the impact that these federal programs are having on rates.
2. In worksheet 1, row 39, CCIIO should consider using two different aggregate estimates of the PMPM risk adjustment impact, one for the metal level plans, and the other for the catastrophic plans, since risk adjustment for these will be based on different populations.
3. In worksheet 3, we recommend that CCIIO add a field to incorporate risk adjustment and reinsurance into the lifetime loss ratio calculation, or clarify in the instructions how to account for risk adjustment, risk corridor, and reinsurance impacts.

We thank you for your consideration of our comments; we are available to discuss these in detail and would be happy to answer any questions.

Sincerely,



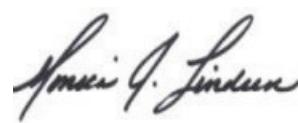
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