



**OKLAHOMA INSURANCE DEPARTMENT
STATE OF OKLAHOMA**

BULLETIN NO. LH 2012-01

TO: Insurers Authorized to Write Health Insurance

RE: Filing Requirements for Rate Review

**FROM: Denise Engle, Deputy Commissioner of Workers Compensation
Rate and Form Compliance, Licensing and Continuing Education**

DATE: January 13, 2012

After returning a federal grant last year, the Oklahoma Insurance Department (OID) continues to develop its processes to review health insurance rate filings. The purpose of this bulletin, which supplements Bulletin No. LH 2011-1 (dated June 1, 2011), is to further identify requirements for all rate filing submissions made to OID. These requirements apply to all rate filing submissions made pursuant to 36 O.S. §§ 4250, 6515, and 6916. The requirements also encompass those requirements imposed upon the state by the requirements of the rate review regulations promulgated by the U.S. Department of Health and Human Services. Carriers must make separate filings for each market segment (individual and small group) that comply with the following:

1. All rate filings must be submitted via the System for Electronic Rate and Form Filings (SERFF). All fields in SERFF must be populated. Incomplete submissions will be rejected.
2. All rate filings must identify whether the filing is for an individual or for large or small group product. The Type of Insurance (TOI) designation "any size group" may no longer be used. As of January 1, 2012, a rate filing containing the TOI "any size group" will automatically be rejected.
3. The definition of health benefit plan found in 36 O.S. § 4250 encompasses association coverage. Association coverage issued to individuals is considered an individual product, requiring an Individual TOI; if the coverage is offered to Oklahoma residents, regardless of the situs of the association, the rates must be filed with the Oklahoma Insurance Department. Coverage sold to small employers through an association continues to remain subject to the Small Employer Health Insurance Reform Act.
4. A cover letter describing all forms affected by the requested increase as well as the effective date of the requested increase.
5. Historical experience from inception-to-date, this includes earned premium, paid claims, incurred claims, members, actual loss ratios and expected loss ratios.

6. Unit cost trend by broad service category, including actual unit cost data and impact of provider contract changes from experience period to rating period (medical and prescription drug separately).
7. Utilization trend by broad service category, including utilization data.
8. Impact of cost sharing leverage on trend.
9. Cost of each new benefit mandated or requirement due to change in law, separately identified, from the experience period to the rating period. This includes requirements of both state and federal law.
10. A list of each component of PPACA that impacted premium and the actual impact used in pricing for each component.
11. The current capital and surplus for the regulated entity for which the filing is being made.
12. A demonstration that the increase requested in the rate filing will generate an expected medical loss ratio that meets the percentage required by law.
13. Actuarial certification by an actuary who is a member in good standing of the American Academy of Actuaries and qualified to provide such certifications under the U.S. Qualification Standards promulgated by the American Academy of Actuaries and the Code of Professional Conduct..
14. Any additional information deemed necessary for the review of rates.
15. For rate filings that are potentially unreasonable (as defined by current federal law), the filing must be accompanied by the forms approved by HHS to report potentially unreasonable rate increases. In accordance with 45 CFR, Subtitle A, Subchapter B, part 154, a company must provide a preliminary justification that consists of a Rate Increase Summary (Part I) and a written description justifying the rate increase (Part II) that is consistent with 45 CFR § 154.215.

Every rate filing submission that includes an increase of previously filed rates shall include a summary of the rate increases requested and should be clearly marked as Appendix A. The appendix should include the following, but not be limited to:

1. The requested increase for each product contained within the rate filing and the effective date of those proposed rate increases. The requested increase for each product should be identified as a specific percent increase or if appropriate a range of percent increases with an explanation of what the variance is that produces the range.
2. Number of covered individuals for each product; number of covered policyholders; minimum current premium on a per member per month (pm/pm) basis; minimum proposed premium on a pm/pm basis; maximum current premium on a pm/pm basis; maximum proposed premium on a pm/pm basis and the percentage change.
3. Each component of the increase including trend, experience adjustments and any other factors that makes up the requested increase. These can be identified as a specific percent or, if appropriate, a percent range.
4. A footnote listing any other facts that can have an impact on premium rates that have not been specifically identified in the appendix, including but not limited to age bands, gender, geographic area, smoking , etc.

Transparency

All submissions made to the Oklahoma Insurance Department are subject to Oklahoma's Open Records Act. The mandate of the Open Records Act is quite broad; it embodies the public policy of the state that the public has a right of access to and review records of government action. Essentially, that Act provides that every state record is open unless there is a specific law making that record confidential. For example, 36 O.S. § 6518 provides that the small employer rating information required by that section is not subject to disclosure to persons outside of the Department except as agreed to by the small employer carrier or as ordered by a court. 36 O.S. § 6916 provides that premium rate filings by health maintenance organization are not subject to public disclosure.

There is no specific exemption in state law for the rate filings required of insurers pursuant to 36 O.S. § 4250. It is possible that some of the information contained in the rate filing could be considered proprietary or trade secret. Insurers should carefully review 51 O.S. § 24A.19 and, if appropriate, designate those parts of a filing that are exempt along with an explanation for the claim of exemption. Filings that do not contain the requested information cannot be completed and will be rejected. The Uniform Trade Secret Act does not create an exception to the Open Records Act as that Act deals with misappropriation of trade secret information that the acquirer has agreed to maintain as confidential. The Oklahoma Insurance Department cannot agree to maintain any record as confidential except as allowed by the specific exceptions to the Open Records Act.

Questions or comments applicable to this bulletin should be directed to Greg Lawson (Greg.Lawson@oid.ok.gov) or Frank Stone (Frank.Stone@oid.ok.gov), Oklahoma Insurance Department, Five Corporate Plaza, 3625 NW 56th, Suite 100, Oklahoma City, OK 73112.

The Oklahoma Insurance Department encourages readers of this notice to periodically check the Department's website <http://oid.ok.gov> for news and updates to [bulletins](#) and other relevant material.