

2014 Market Reforms

For Small Group and Non-Group Coverage Sold or Renewed on or after 1/1/2014:

- Guaranteed Issue
- No Pre-Existing Condition Exclusions
- Adjusted Community Rating & Single Risk Pool for Each Market
- Essential Health Benefits & Cost-Sharing Must Meet Actuarial Value Levels

These apply inside and outside of an Exchange and will impact rates and the review of rates.

Adjusted Community Rating

For the Small Group and Non-Group Markets:

- No rating based on health status
- Maximum age variation of 3:1 (ages 21 to 64)
- Maximum variation based on tobacco use of 1.5:1
- Actuarially justified variation based on geographic areas (state may set areas)
- Family rates built up based on age and tobacco use of each member

Plus, single risk pool in small group market and individual market (except for grandfathered plans)

This will significantly impact rates for younger/healthier enrollees in most states.

Rate Increase Mitigation

- Reinsurance
- Risk Corridors
- Risk Adjustment
- Medical Loss Ratio
- Transparency
- Penalties and Subsidies
- Other Strategies?

Deadlines of Note

- Rate and Form Review:
 - Carriers began SERFF submissions: March 28, 2013
 - Feds began receiving QHP applications for federal Exchange: April 1, 2013
 - For full federal Exchanges QHP submission window closes: April 30, 2013
 - States must complete reviews: July 31, 2013
 - Exchange sales begin October 1, 2013

Kansas Perspective

- Kansas' authority to review rates:

K.S.A. 40-2215 requires companies to file health insurance forms and rates with the Insurance Commissioner and comply with all requirements having the force and effect of law. The Commissioner reviews these filings and within 30 days approves, gives notice of deficiencies to the companies, or disapproves.

Technically, the Kansas Insurance Dept. doesn't have a prior approval process but does have the ability to disapprove. However, in general, companies work with the Department and do not use rates until they are approved.

Kansas Perspective

- Kansas' process of accepting, reviewing and approving rates:

The Department will use the same SERFF process used now, reviewing rates to make sure they are reasonable for the benefits being provided, but also adequate to ensure the company remains solvent (also keeping in mind any new ACA requirements).

In the past, Kansas has only reviewed rate increases, not new rates, so this will be a new process.

Kansas Perspective

- How Kansas will coordinate with the federal exchange:

Kansas is a marketplace plan management state, so KID will perform the rate review of qualified health plans and submit recommendations to HHS.