

Wisconsin Rate Review Questions and Answers

Q1: Will the Office of the Commissioner of Insurance (OCI) review individual and small group rate filings for plans subject to the Affordable Care Act?

A1: Yes. Wisconsin continues to be the primary regulator of insurance rates in Wisconsin. In July 2011, Wisconsin was certified by the federal government as an Effective Rate Review Program (ERRP) in the individual and small group markets. In March 2013, Wisconsin obtained an additional ERRP certification in the individually underwritten association market. As an ERRP, Wisconsin is required to review rate filings for compliance with the federal rate review market rules and notify the federal Exchange of its rate review findings.

Q2: Are companies required to file with OCI rates for individually underwritten comprehensive health insurance products covering Wisconsin residents under policies issued to associations with situs in other states?

A2: Yes. Federal law requires that beginning January 1, 2014, individually underwritten association products providing comprehensive health insurance coverage to Wisconsin residents be included in the Wisconsin individual market single risk pool. In March 2013, Wisconsin obtained an ERRP in the individually underwritten association market. Therefore, all companies with individually underwritten association products in Wisconsin must file rates for those products with OCI, regardless of which state the underlying policy was issued in. Refer to the bulletin on OCI's Web site at <https://oci.wi.gov/Pages/Regulation/Bulletin20130228Associations.aspx>.

Q3: Are companies required to file rates with OCI for student health plans issued in Wisconsin?

A3: No. According to the final Notice of Benefit and Payment Parameters for 2019 published in the Federal Register on April 17, 2018, the federal government considers student health insurance to be exempt from Federal rate review requirements.

Q4: How often are individual and small group rates required to be filed?

A4: Federal regulations provide that companies offering plans in the individual or small group health insurance market set the single risk pool index rate and submit plan information for all plans available in the market effective January 1 of each calendar year beginning in 2014. Wisconsin requires all individual and small group market single risk pool rate schedules be filed with OCI in accordance with the state-specific rate filing requirements provided on the OCI Web site at <https://oci.wi.gov/Pages/OCIForms/CompHealthRateFilingSRP.aspx>.

Q5: Will OCI accept from companies separate rate filings for products they will market exclusively on the federal health insurance Exchange, also known as the Federally Facilitated Marketplace (FFM), and products they will market exclusively off the FFM?

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A5: No. Federal law requires any rate filing that includes one or more non-grandfathered individual or small group product(s) must include all products in that market. Federal law requires beginning with rate schedules effective January 1, 2014, companies develop rates for all non-grandfathered products offered on and off the FFM based on a single, market-level index rate adjusted pursuant to the rating rules prescribed in federal regulations. The federal regulations and guidance provide that all rating rules apply equally to non-grandfathered products offered on and off the FFM. Please refer to federal regulations and guidance for further information on the federal rating rules.

Q6: Is it possible to implement trend changes or amend plan information more often than annually to the individual market single risk pool rate schedule?

A6: No. Federal rules state that changes to the individual market single risk pool rate schedule and plan information must be implemented annually on January 1.

Q7: What is the timeline for submission of individual market single risk pool rate filings effective January 1, 2019?

A7: The rate filing submission timeline for individual market single risk pool rate filings effective January 1, 2019, is as follows:

| Type of Filing | Recommended Filing Deadline |
|---|--|
| Annual submission for Rate Filing Justifications with one or more Qualified Health Plan (QHP) | July 2, 2018 |
| Annual submission for Rate Filing Justifications with no QHPs | <p style="text-align: center;">July 25, 2018</p> <p>The federal government requires a July 25, 2018, deadline; however, CMS has not demonstrated its federal legal authority to require the July 25 deadline or to preempt state law. Wisconsin guidelines indicate that rates are to be filed with OCI 30 days prior to the effective date. The federal government will create a Public Use File (PUF) of all January 1, 2019, rate filings using data submitted in Health Insurance Oversight System (HIOS) as of October 15, 2018. It takes OCI approximately 60 days to review an annual filing.</p> |

It is important to note that OCI will continue to accept filings at any time before the recommended filing deadline. The federal QHP certification process requires companies seeking certification of one or more individual plans as a QHP must submit an annual January 1 rate filing to OCI AND a corresponding QHP Rates Table Template to the FFM. Wisconsin has an Effective Rate Review Program, and therefore the FFM will not accept a revised Rates Table Template until OCI has completed its review of the

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corresponding rate filing. **Note:** the QHP Rates Table Templates for the 2019 plan year is not due to the FFM until July 25, 2018.

Q8: Is it possible to implement trend changes or amend plan information more often than annually in the small group market?

A8: Yes. Small group market single risk pool rate schedules and plan information must, at a minimum, be filed once per calendar year with a January 1 effective date. Up to three additional small group rate filings may be submitted each calendar year, with possible effective dates at the beginning of each calendar year quarter (April 1, July 1, and October 1). A small group market single risk pool rate filing may include quarterly trend changes effective on each calendar year quarter remaining in the calendar year (April 1, July 1, and October 1). A complete filing must be made each time a revision is made to the rate schedule or plan information, for a maximum of four rate filings per calendar year. With each new single risk pool rate filing, the index rate is reset as of the first effective date in the submission.

Note: The Unified Rate Review Instructions provide that only trend changes can be filed in a predefined manner for future implementation on a quarterly basis. Other changes in assumptions require a different rate filing to reset the index rate and allowable adjustments for future effective dates.

Q9: What is the timeline for submission of small group market single risk pool rate filings effective July 1, 2018, October 1, 2018, January 1, 2019, and April 1, 2019?

A9: The rate filing submission timeline for small group market single risk pool rate filings is as follows:

| Type of Filing | Possible Effective Dates | Recommended Filing Deadline |
|----------------------------|---|---|
| Quarterly | July 1, 2018 October 1, 2018, April 1, 2019, etc. | 105 days prior to rate change effective date* *The federal government has prescribed this rate filing deadline for all companies filing single risk pool rates, whether they operate on the FFM, off the FFM, or both. Wisconsin guidelines indicate rates must be filed with OCI 30 days prior to the effective date. OCI's review of quarterly SRP filings is generally complete within 45 days of receipt. Filings are reviewed in order of receipt. FFM requirements provide that changes to the QHP Rates Table Template are to be submitted 45 days before the filing effective date. The FFM will not accept a revised Template until the OCI review is complete. |
| Annual submission for Rate | January 1, 2019 | July 2, 2018 |

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| Type of Filing | Possible Effective Dates | Recommended Filing Deadline |
|---|--------------------------|---|
| Filing Justifications with one or more QHP | | |
| Annual submission for Rate Filing Justifications with no QHPs | January 1, 2019 | <p style="text-align: center;">July 25, 2018</p> <p>The federal government requires a July 25, 2018, deadline; however, CMS has not demonstrated its federal legal authority to require the July 25 deadline or to preempt state law. Wisconsin guidelines indicate that rates are to be filed with OCI 30 days prior to the effective date.</p> <p>The federal government will create a Public Use File (PUF) of all January 1, 2019, rate filings using data submitted in Health Insurance Oversight System (HIOS) as of October 15, 2018. It takes OCI approximately 60 days to review an annual filing.</p> |

Single risk pool rate filings must be submitted in chronological order by effective date. For example, a company's October 1, 2018, single risk pool rate filing **MUST** be submitted before its January 1, 2019, single risk pool rate filing. To achieve chronological submission order, filings submitted out of chronological order may be rejected; if a filing is rejected, complete re-filing is required.

The federal QHP certification process requires companies with one or more small group plans certified as QHPs and/or companies seeking certification of one or more small group plans as a QHP must submit an annual January 1 rate filing and any subsequent quarterly filings to OCI AND a corresponding QHP Rates Table Template to the FFM. Wisconsin has an Effective Rate Review Program, and therefore the FFM will not accept a revised Rates Table Template until OCI has completed its review of the corresponding rate filing. **Note:** the QHP Rates Table Templates for the 2019 plan year is not due to the FFM until July 25, 2018.

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Q10: Can companies make amendments (including additions of products or plans) or other revisions to single risk pool filings after they are closed?

A10: No. Federal rules indicate that all closed single risk pool filings are considered final. No changes may be made to any of the information filed, including the plan information and future quarterly trend changes, until a new single risk pool filing can be made.

Q11: What if a company intends to renew non-ACA compliant, non-grandfathered plans in 2014 or later, per the President's November 2013 "keep your plan" announcement and requires rate revisions on those plans?

A11: Per the pending [April 30, 2018, OCI bulletin](#), OCI will allow carriers to renew at their option non-ACA compliant individual and small group coverage that was in effect on December 31, 2013, for a policy year starting between January 1, 2014, and October 1, 2019, as long as coverage ends by December 31, 2019. Carriers may submit rate revisions for 2018 or 2019 renewals within 30 days after the rates become effective. Please reference the [March 16, 2016, OCI bulletin](#) for rate filing options.

Q12: Do any of the federal rate review market rules apply to grandfathered products?

A12: No. Federal law exempts grandfathered products from compliance with the rate review market rules applicable to non-grandfathered products. If a company has both grandfathered and non-grandfathered products in Wisconsin, it must develop and file rates for its non-grandfathered products separately.

Q13: What are the Wisconsin rate filing requirements for grandfathered products?

A13: Rate changes for grandfathered products must be filed at least 30 days before the effective date. Rate filings for grandfathered products must include the following:

- Actuarial Memorandum (Grandfathered), in template format
- Product Data Template (Grandfathered) for the applicable market, one for each product in the filing

Grandfathered products with different Type of Insurance (TOI) or Sub-Type of Insurance (Sub-TOI) combinations can be rated together. However, a separate filing **must** be submitted for each TOI and Sub-TOI combination. Products with the same TOI and Sub-TOI combination **must** be submitted in the same filing.

Links to all template and reference documents are available on the OCI Web site at <https://oci.wi.gov/Pages/OCIForms/CompHealthRateFilingGF.aspx>.

Q14: What are the Wisconsin rate filing requirements for single risk pool rate filings effective January 1, 2019, or later?

A14: Companies must rate all ACA-compliant, non-grandfathered plans in each market (individual or small group) together in a single risk pool.

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Companies may have products with different TOI and Sub-TOI combinations in their single risk pool. If so, they **must** submit a separate filing for each TOI and Sub-TOI combination. Products with the same TOI and Sub-TOI combination **must** be submitted in the same filing. All filings in the single risk pool make up the Rating Level. **Identical Rating Level documents must be submitted for all filings in the single risk pool.**

Single risk pool rate filings must include the following:

Rating Level

- Federal Unified Rate Review Template (URRT)
- Wisconsin Actuarial Memorandum, in template format (satisfies the requirements of the federal Part III Actuarial Memorandum and Certification Instructions) – the company should submit to OCI both the full version and any redacted version submitted to the federal government
- Plan Mapping – **this data will be submitted via the Health Insurer Web Application (HIWA)**
- Wisconsin Rate Pages and Service Area Template – **this data will be submitted via HIWA**

Product Level

- Product Data Template (Single Risk Pool), one for each product in the single risk pool – **this data will be submitted via HIWA**

Links to all template and reference documents are available on the OCI Web site at <https://oci.wi.gov/Pages/OCIForms/CompHealthRateFilingSRP.aspx>.

Q15: How do companies get access to HIWA?

A15: HIWA is an OCI-specific web application that collects rate review related data in a secure online interface (see <https://trust.oci.wi.gov/hiwa/company>). HIWA utilizes the Wisconsin Web Access Management System (WAMS) for its underlying security. Company users must [register for WAMS](#) and activate their accounts before they can be granted access to HIWA. The company's Security Administrator should then grant new WAMS users the proper permissions in HIWA at <https://trust.oci.wi.gov/security/company>.

If no WAMS users at the company have access to HIWA, the company should designate a Security Administrator and send an e-mail to OCIRateReview@wisconsin.gov requesting HIWA access for that individual. Rate review staff will grant the proper permissions to the individual, and company users may then view and edit data in HIWA according to the permissions that the Security Administrator assigns to them. A user may have permissions for multiple organizations in HIWA.

Q16: Are companies required to file single risk pool rates with the federal government?

A16: Yes. Companies that make a single risk pool filing with OCI **must** also file the following with the federal government:

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- Federal Unified Rate Review Template (URRT)
- Wisconsin Actuarial Memorandum, in template format (satisfies the requirements of the federal Part III Actuarial Memorandum and Certification Instructions)
- Wisconsin Actuarial Memorandum, redacted to exclude any information the insurer is requesting the federal government treat as a trade secret or as containing confidential commercial or financial information

Please refer to federal regulations and guidance for further information on the federal filing requirements.

Q17: What is the difference between a product and a plan?

A17: OCI's Product and Plan definition is available at <https://oci.wi.gov/Documents/OCIForms/CompHealthProdDef.pdf>. A product can have many plans associated with it; however, a plan is assigned to only one product. All Product Characteristics are identical for all plans under a product.

OCI collects and tracks data at both the product level and plan level. The product level is significant because that is the level at which:

- OCI tracks regional enrollment, premium, and rate change data,
- the state determines whether a rate increase is "unreasonable," and
- the discontinuation provisions provided for in the federal market rules apply.

The plan level is significant because that is the level at which:

- compliance with many federal market reforms, including actuarial value requirements and essential health benefits, is determined,
- the federal threshold calculation is performed to determine whether a rate increase is "subject to review," and
- QHP certification occurs for plans intended for sale on the FFM.

Q18: Can companies request that portions of a rate filing be kept confidential?

A18: Yes. Companies may request that OCI withhold specific filing documents from the filing documentation made publically available on the OCI Web site if they believe the documentation to be proprietary in nature or a trade secret as defined by statute. Please be aware that the company's request for confidentiality may or may not be consistent with OCI's determination when applying state open records law. Filing documentation submitted to the federal government is subject to federal open records laws.

Q19: What are the allowable rating factors for single risk pool rate filings? What are Wisconsin's geographic rating areas?

A19: Federal rate review market rules provide that single risk pool premium rates for a particular plan may vary only based on (1) whether the plan covers an individual or family, (2) rating area, as established by the state or federal government, (3) age,

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consistent with the federal uniform age rating curve, and (4) tobacco status, consistent with the federal 1.5:1 restriction. OCI established 16 geographic rating areas, the maximum number allowable for Wisconsin based on the criteria provided in federal regulation. Please refer to the Geographic Rating Areas map on the OCI Web site at <https://oci.wi.gov/Documents/OCIForms/CompHealthGeographicRating.pdf> for more information.

Q20: Do additional filing and review requirements apply to filings that include non-grandfathered product(s) with a rate increase that meets or exceeds 15%?

A20: Yes, federal law provides that rate increases that meet or exceed the federal “subject to review” threshold of 15% are subject to additional filing requirements. All filing-related documents submitted to the federal government must be included in the rate filing submitted to OCI, including Part II of the Rate Filing Justification. Please refer to federal regulations and guidance for further information on the federal rating rules and filing requirements.

Grandfathered products are not subject to federal rate review requirements.

Q21: How should companies report ACA-related taxes and fees in rate filings?

A21: ACA-related taxes and fees should be reported as part of Administrative Fees. All ACA-related taxes and fees, including those calculated on a per-member basis, must be considered in the rate development.

Q22: Should companies report POS products issued jointly by an HMO and an indemnity carrier in one single risk pool rate filing?

A22: Yes. POS products issued jointly by an HMO carrier and an indemnity carrier must be represented in the HMO’s single risk pool filing. A separate filing is not required from the indemnity carrier.

Q23: Can companies submit multiple geographic rating factors per approved geographic rating area per single risk pool?

A23: No. Companies may submit only one set of geographic rating factors per single risk pool.

Q24: Are companies that consider tobacco status in rating required to offer a wellness program?

A24: Yes, in the small group market. Federal market rules provide that companies that adjust plan level premium rates based on tobacco status shall offer a tobacco wellness program. This requirement does not apply to plans available in the individual market.

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Q25: Can companies offer optional benefit riders in the individual and small group comprehensive health insurance market?

A25: No. Federal guidance provides that, if an issuer wants to offer an “optional” benefit, it may (1) create a separate plan with the required EHBs and the “optional” benefit included, or (2) offer a separate policy which is a supplemental policy providing non-EHB benefits.

Q26: Are companies domiciled in Wisconsin charged a state-specific premium tax on comprehensive health insurance business?

A26: No. OCI does not charge premium tax on accident and health (A & H) insurance business (including comprehensive health insurance) from companies domiciled in Wisconsin. However, Wisconsin-domiciled companies are required to pay a franchise tax to the Department of Revenue. This is equal to 7.9% of the Wisconsin adjusted federal taxable income, capped at 2% of premiums. Companies may build this franchise tax into their Wisconsin single risk pool rates as a part of Administrative Expenses, but must not refer to the tax as premium tax.

Q27: Are companies not domiciled in Wisconsin charged a state-specific premium tax on comprehensive health insurance business?

A27: Yes. Companies not domiciled in Wisconsin are subject to a 2% statutory premium tax. However, because Wisconsin is both retaliatory and reciprocal with respect to premium tax, companies from another state will actually be assessed whatever its state of domicile assesses a Wisconsin-domiciled company. This may range from 0% to as much as the other state elects to assess. Non-domiciliary companies may build premium tax into their Wisconsin single risk pool rates as a part of Administrative Expenses, but must indicate the state of domicile premium tax basis.

Q28: Can companies begin the renewal process using rates that are still under review by OCI?

A28: Yes. A company that does not have individual or small group rates marked “Filed” in SERFF by the time a discontinuation or renewal notice must be issued to a customer should use the rates as submitted to OCI. OCI assumes companies have developed rates compliant with all state and federal requirements and used appropriate actuarial methods, and premium rates will not materially change during the course of a rate filing review. If premium rates do materially change during the course of a rate filing review, the company will be required to issue corrected notices.

Q29: Can companies market individual and small group products using rates that are still under review by OCI?

A29: Yes. OCI assumes companies have developed rates compliant with all state and federal requirements and used appropriate actuarial methods, and premium rates will not materially change during the course of a rate filing review. If premium rates do materially

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change during the course of a rate filing review, the company will be required to issue corrected quotes to potential customers.

To avoid correcting quotes, OCI recommends that a company (1) carefully review all federal rules, state rules, and rate filing requirements prior to submitting a filing, (2) ask clarifying questions of Rate Review staff at OCI, and (3) submit rate filings well in advance of the intended marketing date.

Q30: I am new to comprehensive health insurance compliance in Wisconsin. Is there anything else I need to submit to OCI besides form and rate filings?

A30: Yes. Besides form and rate filings, companies issuing or renewing comprehensive health insurance business may be required to submit the following information to OCI:

| Report | Applicability | Submitted Via | Timeline |
|---|--|---------------------------------------|----------------------------|
| Health Insurer Market Survey | Individual, Small Group, Large Group Markets | Health Insurer Web Application (HIWA) | Annually, February-March |
| Health Insurer Market Survey – Grandfathered | Grandfathered Policies in the Individual and Small Group Markets | Fillable PDF, E-mail | Annually, February-March |
| Health Insurance for Small Employers and Their Employees — Monthly New Business Premium Rates | Small Group Market | E-mail | Annually, October-November |
| Monthly Enrollment Counts | Issuers in the Individual and Small Group Markets | E-mail | Monthly, January-November |
| Grievance Report | Health Insurance Issuers (HBPs, HMOs, LSHOs, PPPs) | Forms for Companies Application | Annually, due March 1 |
| Managed Care Reports | HMOs, LSHOs, PPPs | Paper, E-mail | Annually, April - June |

Q31: Will the OCI accept changes to 1/1/2019 single risk pool rate filings after they are submitted or will OCI accept multiple rate filings with different 2019 scenarios?

A31: OCI will accept one Actuarial Memorandum, URRT, and Rates submission per company per market effective 1/1/2019. Initial filings are due July 2, 2018, for QHP issuers, and July 25, 2018, for non-QHP issuers. As in past years, insurers may resubmit rates up until the respective due date. For 2019 filings, companies may also change their assumptions after the initial rate filing deadline if (1) health care reform policies or company circumstances change, and (2) the rate review team has sufficient time to complete its review of the revised filing by the established deadlines. See A32 for recommended resubmission timelines.

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Note: a formal policy change announcement from the federal government is not required for a company to change its rate filing assumptions.

Q32: What is the timeline for resubmitting a 1/1/2019 rate filing?

A32: If a company is submitting a QHP application for plan year 2019, the rate review team at OCI must complete its review of the rate filing by August 22, 2018. OCI expects it will be able to review all revised on-Exchange rate filings if received by July 25, 2018. A company submitting a revised rate filing after that date risks not being certified to offer its QHPs on the FFM.

If a company is not submitting a QHP application for plan year 2019 or withdraws its QHP application, OCI must complete its review of the rate filing by October 15, 2018. OCI expects it will be able to review all revised off-Exchange rate filings if received by September 17, 2018.

OCI will do its best to respond to unforeseen changes which occur after these deadlines and to remain as flexible as possible.

Q33: What types of changes can be made to rate filings after the initial filing deadline(s)?

A33: If a company determines that a change to the initial single risk pool rate filing is necessary, it should propose the change to OCI via e-mail as soon as practicable. OCI will then review the proposal and respond within one business day with its approval and a resubmission deadline. Below is a non-exhaustive list of changes that can be made to a single risk pool rate filing after July 2 or July 25, respectively:

- Revisions to plan base rates due to health care reform policy changes
- Service area changes
- Change to the marketing status of one or more plans from offered on-Exchange to offered off-Exchange only
- Revisions to plan base rates due to public announcements of market exits or Exchange exits
- Revisions to plan base rates due to changes in ACA taxes and fees for 2019
- Revisions to plan base rates due to changes in network reimbursement arrangements

A company *may not* change its rate filing for risk adjustment after the initial filing deadline; all changes to a rate filing related to risk adjustment must be made prior to the applicable date (July 2 or July 25).

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Q34: Will OCI require companies to file rates assuming cost-share reduction (CSR) plans will not be funded by the federal government in 2019? How should this be accounted for in the individual single risk pool rate filing?

A34: Yes. OCI will require companies to file 2019 individual market rates assuming that they will not be reimbursed for the federal government's contribution towards a CSR-eligible person's cost-sharing. This is subject to change given activity at the federal level, and OCI will communicate any change in requirements if necessary and as soon as practicable.

Given insurers assumed no federal reimbursement for CSRs when determining 2018 rates, OCI would not expect the continued lack of CSR funding in 2019 to significantly impact 2019 rates when compared to 2018 rates.

When accounting for the presence or loss of CSR funding in an individual single risk pool rate filing, a company may make any rate adjustment allowable under the market rating rules in 45 C.F.R. § 156.80, so long as those rates are not considered to be inadequate, excessive, or unfairly discriminatory under Wisconsin statute.

OCI recommends a company apply a different plan-level adjustment for administrative costs on silver plans offered on-Exchange to the extent it expects an increased risk margin over other plans offered in the individual market. If the company chooses to adjust the costs of non-silver plans or off-Exchange only silver plans, as well, justification should be provided in the Actuarial Memorandum.

Note that the market rating rules would not allow for a different actuarial value adjustment for silver plans offered on the Exchange. This is not appropriate since the increased costs are not associated with the actuarial value and cost-sharing design of the plan.

Please direct questions regarding rate review requirements to Brian Brown at brian.brown@wisconsin.gov