STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

BULLETIN 2015-07-INS

In the Matter of

2016 Form and Rate Filing
Requirements for Medical Plans
_____/

(See separate Bulletin 2015-08-INS
for Stand-Alone Dental Plans)

Issued and entered
this 6th day of March 2015
by Annette E. Flood
Director

This bulletin supersedes Bulletin 2015-05-INS, issued February 12, 2015.

Information in this bulletin is subject to change as federal guidance is finalized. Issuers are strongly urged to routinely check the Department of Insurance and Financial Services (DIFS) website and the System for Electronic Rate and Form Filing (SERFF) State Messages for updates.

SECTION 1: CERTIFICATION AND RECERTIFICATION PROCESS AND STANDARDS FOR MEDICAL PLANS ON AND OFF THE MARKETPLACE

General Information and Timelines

DIFS will continue to perform Plan Management functions for the 2016 plan year. Plan Management functions are part of DIFS' regulatory role for products offered on and off the Marketplace. Issuers will work directly with DIFS to submit all Qualified Health Plan (QHP) application data in accordance with federal and state guidelines. SERFF will be used by issuers to transmit information to DIFS, and DIFS will use SERFF to transmit information to the Centers for Medicare & Medicaid Services (CMS).

Many of the same guidelines apply to issuers filing plans offered off the Marketplace and these items are referenced in this Bulletin.

New Plans and Recertification of 2015 QHPs

For the 2016 plan year, DIFS' process for certification and recertification of a QHP is consistent with the process used for the 2014 and 2015 plan years. Issuers submitting previously-approved plans for recertification will be required to submit much of the same information as for the 2014 and 2015 plan years. Issuers submitting plans for certification for the first time should review the pertinent federal and state guidance. ***Accordingly, this bulletin addresses only those areas where guidance has changed from the 2014 and 2015 plan years or where additional clarification is necessary.*** The omission of any particular

federal or state requirement from this bulletin should not be construed to mean that compliance with those requirements is not necessary. For additional guidance, issuers are urged to refer to the *2016 Letter to Issuers in the Federally-facilitated Marketplace* ("Letter").

Timeline 1 for Issuers Filing Plans On the Marketplace and Issuers Filing Plans Both On and Off the Marketplace

Issuers should be aware that offering any plan on the Marketplace subjects all of that Issuer's plans (on and off the Marketplace) to the following set of deadlines:

Activity		Dates
QHP Application Submission and Review Process	Michigan Filing Deadline	**4/8/2015**
	DIFS Completes Review – Disposition Issued	**6/9/2015**
	DIFS Transfers Plan Data to CMS	**7/10/2015**
	FFM Reviews Plan Data	**7/13/2015 to 8/12/2015**
	FFM Notifies DIFS of Necessary Corrections to QHP Data	**8/13/2015 to 8/14/2015**
	Final Deadline for Issuers to Resubmit Data to DIFS via SERFF	**8/20/2015**
	DIFS Final Transfer to CMS	**8/25/2015**
	Final FFM Review of Corrected QHP Application Submissions	**8/26/2015 to 9/16/2015**
QHP Agreement/Final Certification	Certification Notices and QHP Agreements Sent to Issuers, Agreements Signed, QHP Data Finalized	**9/17/2015 to 10/09/2015**
Open Enrollment		**11/01/2015 to 1/31/2016**
***All dates based on CMS functions are subject to change**		

Timeline 2 for Issuers Filing Products Entirely Off the Marketplace Where All Proposed Product Rate Increases are Less than 10%[1]

Activity		Dates
Application Submission and Review Process	Michigan Filing Deadline*	**6/9/2015**
	DIFS Approves Filings	**8/10/2015**
Open Enrollment		**11/01/2015 to 1/31/2016**

Timeline 3 for Issuers Filing Products Entirely Off the Marketplace Where at Least One Proposed Product Rate Increase is 10% or Greater[2]

Activity		Dates
Application Submission and Review Process	Michigan Filing Deadline*	**4/8/2015**
	DIFS Approves Filings	**6/9/2015**
Open Enrollment		**11/01/2015 to 1/31/2016 5**

* See Exhibit 1 for HIOS filing deadline.

2016 Filing Requirements

All issuers must submit the required Templates and run the CMS Data Integrity Tools as outlined in Exhibit 1. Please note: only one Business Rules Template needs to be completed. The one template will include both individual and small group plans. However, the Business Rules Template must be submitted in both the individual and small group SERFF filings and binders.

2016 Filing Requirements: On and Off Marketplace

See Exhibit 1. A complete submission includes SERFF rate/form filing and binder, with all required validated templates and associated items from the SERFF rate/form filing.

[1,2] Please refer to 45 CFR 154.200 for guidance in determining whether Timeline 2 or 3 applies. If only one Product in an issuer's filing is equal to or greater than 10%, Timeline 3 applies. The ≥ is the cumulative effect of rate changes over the past 12 months, not the actual rate filing. For example, a small group issuer may file an 8% increase for October 2015, followed by a 5% increase for January 2016. This triggers a 45 CFR 154.200 review due to the cumulative effect of the increase. Issuers that intend to file a rate increase of ≥ are encouraged to contact DIFS in advance to ensure that the 10%+ calculation was made in accordance with 45 CFR 154.200.

2016 Checklist Requirements

The Checklist for Individual and Small Group Medical Plans – Forms (FIS 2307) and the Checklist for Individual and Small Group Medical Plans – Rates (FIS 2306) must be completed and filed in SERFF under the Supporting Documentation tab.

Revisions to Previously-Approved QHPs: Red-Lined Versions

Issuers revising previously-approved QHP forms must provide red-lined versions, as well as clean versions. The red-lined and clean versions should both be filed under the Forms Schedule tab of the SERFF rate and form filing under the same Item Number. Forms not being revised must still be submitted.

File Naming

Certain items under the Supporting Documentation tab in the Rate/Form filing and/or the Binder filing must adhere to a standard naming convention as follows: IssuerName_MIFormDescription/Name_Version#.

The purpose of adherence to a standard naming convention is to have the ability to track new versions as they are updated on the system. It is important to start with Version 1 and use the same Issuer Name and Form Description in the file name each time. In addition, Review Tools must be run each time a template is revised.

Items required to have a standard naming convention are:

- DIFS Forms Checklist;
- DIFS Rates Checklist;
- MI Network Data Template;
- Rate Data Template;
- Actuarial Memorandum;
- URRT;
- Justifications and Attestations;
- Summary of Benefits and Coverage;
- Any document that is amended from its original version that is not automatically versioned through SERFF.

SERFF Filings

All filings submitted via SERFF (on and/or off the Marketplace) are considered to be public immediately upon being filed in SERFF.

All federal and Michigan-specific templates must be filed in the binder and in the rate filing in Excel (xml and xlsm) formats. Please note that submission in PDF format is no longer required.

Product Withdrawal and Uniform Modification

All plans submitted for the 2016 year are subject to product withdrawal/uniform modification rules whether offered on or off the Marketplace.

SECTION 2: CERTIFICATION STANDARDS

Licensure and Good Standing

DIFS will review the licensure status of all issuers filing plans on and/or off the Marketplace.

Annual Limit on Cost-Sharing

The current proposed out-of-pocket maximums for Marketplace-certified QHPs are $6,850 for individuals and $13,700 for families.

Service Area

With regard to on Marketplace plans, CMS requires that any partial service areas (geographic areas smaller than a county) must be established without regard to racial, ethnic, language, or health status factors. Issuers with partial service areas must submit a partial service area justification in the supporting documentation tab of the binder. Issuers should refer to the CMS Service Area Partial County Justification Cover sheet located in the Supporting Documentation tab in SERFF for instructions regarding acceptable reasons for partial service areas. Partial service area requests will be reviewed on a case-by-case basis. Issuers of on Marketplace QHP plans are urged to refer to the "Letter."

Network Adequacy

DIFS will collect network detail on the Michigan Network Data Template. The Michigan Network Data Template is available with accompanying instructions in SERFF and updated guidance on the Insurance page of the DIFS website.

Essential Community Providers

Issuers of on Marketplace plans should refer to the "Letter" for current Essential Community Provider requirements.

Patient Safety Standards

As outlined in the "Letter," issuers contracting with hospitals with more than 50 beds must verify that the hospital (as defined in section 1861(e) of the Social Security Act) is Medicare-certified or has been issued a Medicaid-only CMS Certification Number (CCN). To comply with this requirement, issuers must

include in their binder submission, within the Supporting Documentation tab, an attestation that the issuer has collected and is maintaining the required documentation from its network hospitals.

SECTION 3: CONTRACT REQUIREMENTS (APPLICABLE TO ALL PLANS)

Readability

Submitted forms must comply with the following readability standards pursuant to MCL 500.2236(3):

1. Each form entered in the SERFF forms Schedule shall include its readability score.
2. The readability score must be based on the Microsoft Word Flesch Reading Ease test and have a score of 45 or higher. Forms with a Microsoft Word Flesch Reading Ease test score less than 45 will not be approved by DIFS, or transferred to CMS for certification.
3. Health care policies and certificates, and certificates of coverage, with more than 3,000 words printed on not more than three pages or more than three pages of text regardless of the number of words shall contain a table of contents. (This requirement does not apply to riders or endorsements.)
4. Font size must be no less than 10-point (an exception under MCL 500.2236(3) for policies of disability insurance as defined in section MCL 500.3400); font requirement found in MCL 500.3402.

Guaranteed Renewability

All small group and individual plans offered on and off the Marketplace must comply with federal and state law regarding guaranteed renewability, including all applicable federal regulations and guidance, and DIFS Bulletin 2011-17-INS.

Actuarial Value (AV) Requirements

All individual and small group plans offered on and off the Marketplace must be assigned to one of the four "metal level" AV tiers or be classified as a catastrophic plan. Determinations of AV must conform to 45 CFR 156.140.

Essential Health Benefits (EHB)

EHB Benchmark Plan

Michigan's benchmark plan for 2016 is the same as it was for 2015. Issuers should review the benchmark to ensure their on and off Marketplace plans conform to it.

Mental Health Parity and Addition Equity Act (MHPAEA)

All small group and individual plans must comply with the federal Mental Health Parity and Addiction Equity Act and applicable regulations. In particular, issuers should carefully review the final rule implementing the MHPAEA, issued on November 13, 2013, and generally applicable to plan and policy years on or after July 1, 2014. Issuers should review the final rule to determine whether a particular plan is subject to the MHPAEA and is in compliance with that statute and related regulations.

Actuarially Equivalent Substitutions of EHB

Actuarially equivalent substitutions of EHB are not permitted in Michigan.

SECTION 4: CONTRACT REQUIREMENTS (APPLICABLE TO ON-MARKETPLACE PLANS ONLY)

Accreditation

45 CFR 155.1045 establishes the timeline by which issuers offering plans on the Marketplace must be accredited by NCQA, URAC or AAAHC. An issuer's accreditation status will be available to consumers at the Marketplace website.

Required Cost-Sharing Variations for Individual Market Plans Only

45 CFR 156.420 requires several cost-sharing plan variations for issuers offering coverage in the individual market on the Marketplace. Issuers must submit for approval the three plan variations for each silver plan offered, and the zero and limited cost-sharing variations for each plan at the platinum, gold, silver, and bronze metal levels.

SECTION 5: RATING REQUIREMENTS (APPLICABLE TO ALL PLANS)

Rating Factors

Rates may vary based only on the following factors:

- Whether the coverage or plan covers an individual or family;
- Rating area;
- Age (within a ratio of 3:1 for adults);
- Tobacco use (within a ratio of 1.5:1).

Additional Michigan Rating Factor Determinations

Michigan has made the following determinations related to the allowable rating factors for all individual and small group plans:

Age Rating

Michigan plans must adhere to the 3:1 ratio and federal default age curve for both individual and small group markets.

Tobacco Ratio

Michigan will not require Issuers to use a tobacco ratio less than 1.5:1. Issuers will be allowed to vary their tobacco ratio based on age, as long as the ratio does not exceed 1.5:1 for any specific age.

Standard Family Tier

Michigan will not require the use of a standard family tier.

Per-Member Rating

Michigan will require a per-member rating in the small group market. Issuers wishing to offer small employers the option to be billed on a composite premium basis must comply with the requirements set forth at 45 CFR 147.102(c)(3), including the development of separate composite premiums for individuals age 21 and older and individuals under age 21.

Geographic Rating

Michigan will maintain the 2015 geographic areas for use in both the individual and small group markets for the 2016 year. As allowed under 45 CFR 147.103, the number of geographic areas are equal to the number of metropolitan service areas plus one, which equals 16 in Michigan. The 16 defined geographic areas, with each of the 83 counties in Michigan assigned to one of 16 geographic areas and labeled A through P, can be found on the DIFS website here.

Merging of Markets

Pursuant to 45 CFR 156.80, Michigan requires issuers to maintain separate risk pools for the individual and small group markets.

SECTION 6: SMALL GROUP MARKET ELIGIBILITY

Beginning January 1, 2016, federal law will require that the definition of "small employer" will include employers with 100 or fewer full-time equivalent employees (this supersedes Michigan law, which states that a "small employer" is one with 50 or fewer employees). However, in accordance with the extended transitional policy issued by CMS on March 5, 2014, and DIFS Order No. 14-015-M, employer groups that currently purchase large group market coverage may (at the option of their Issuer) renew their polices through policy years beginning on or before October 1, 2016.

In addition, coverage will also be available to employers that were determined eligible to participate in the Exchange for plan years prior to 2016; have participated in the Exchange continuously since first becoming eligible; and grew to larger than 100 full-time-equivalent employees since becoming eligible, so long as these employers continue to meet all other conditions of participation.

SECTION 7: WELLNESS PLANS

General Guidelines

Wellness plans, either participatory or health-contingent, may be offered with both individual and small group plans. Any wellness plan must:

- Meet the requirements of 45 CFR 146.121 and 147.110;
- Be a part of the policy (i.e., not offered separately).

Small Group Plans That Rate for Tobacco Use

Issuers must include a health-contingent wellness plan in the small group market if they are rating for tobacco use. The plan must provide for a reduction or elimination of the tobacco rating if the insured participates in a tobacco cessation program. The plan must also meet the requirements stated in the General Guidelines. The plan materials must describe the conditions and benefits of the wellness plan; simply stating that a wellness plan is offered is not sufficient.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services
Office of Insurance Rates and Forms
611 West Ottawa Street
P.O. Box 30220
Lansing, Michigan 48909-7720
Toll Free: (877) 999-6442

Annette E. Flood
Director

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Exhibit 1
2016 Health Plans Filing Requirements

On- and On/Off- Marketplace				
Template Name	Requires Submission via SERFF	Requires Submission via HIOS	Data Integrity Tool	Must be filed with:
Federal Requirement				
Administrative	Yes	Yes	Yes	Binder only
Essential Community Providers	Yes	No	Yes	Binder only
Actuarial Value Calculator	Yes	No	No	Binder only
Plan and Benefit	Yes	No	Yes	Binder only
Service Area	Yes	No	Yes	Binder only
Network	Yes	No	Yes	Binder only
Network Adequacy	Yes	No	No	Binder only
Prescription Drug	Yes	No	Yes	Binder only
Rate Data	Yes	No	Yes	Rate Filing & Binder
Business Rules – One per Issuer, include both Individual and Small Group on the same template	Yes	No	Yes	Rate Filing &Binder
Accreditation	Yes	No	Yes	Binder only
Unified Rate Review Template (URRT)	Yes	Yes	Yes	Rate Filing &Binder
Part II: Consumer Justification Narrative	Yes, for each product with ≥10% Increase.*	Yes, for each product with ≥10% increase.*	No	Rate Filing & Binder
Part III: Actuarial Memorandum	Yes	Yes	No	Rate Filing & Binder
Michigan Requirement				
MI Network Data	Yes	No	No	Binder only
Checklist for Individual and Small Group Plans – Forms	Yes	No	No	Form Filing & Binder
Checklist for Individual and Small Group Plans – Rates	Yes	No	No	Rate Filing & Binder
Filing Deadline:	**4/8/2015**			
NOTE: All required Templates must be completed and validated before filing.	***HIOS Submissions for On and On/Off-Marketplace filings must be submitted by 4/08/2015**			

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Exhibit 1
2016 Health Plans Filing Requirements

Off-Marketplace Only**				
Template Name	Requires Submission via SERFF	Requires Submission via HIOS	Data Integrity Tool	Must be filed with:
Federal Requirement				
Administrative	Yes	No	Yes	Binder only
Essential Community Providers	No	No	N/A	Binder only
Actuarial Value Calculator	Yes	No	No	Binder only
Plan and Benefit **NOTE**-the add-in requirement has been eliminated.	Yes	No	Yes	Binder only
Service Area	Yes	No	Yes	Binder only
Network	Yes	No	Yes	Binder only
Network Adequacy	Yes	No	No	Binder only
Prescription Drug	Yes	No	Yes	Binder only
Rate Data	Yes	No	Yes	Rate Filing & Binder
Business Rules – One per Issuer, include both Individual and Small Group on the same template	Yes	No	Yes	Rate Filing &Binder
Accreditation	No	No	N/A	Binder only
Unified Rate Review Template (URRT)	Yes	Yes***	Yes	Rate Filing & Binder
Part II: Consumer Justification Narrative	Yes, for each product with ≥ 10% increase.	Yes, for each product with ≥ 10% increase.***	No	Rate Filing & Binder
Part III: Actuarial Memorandum	Yes	Yes***	No	Rate Filing & Binder
Michigan Requirement				
MI Network Data	Yes	No	No	Binder only
Checklist for Individual and Small Group Plans – Forms	Yes	No	No	Form Filing & Binder
Checklist for Individual and Small Group Plans – Rates	Yes	No	No	Rate Filing & Binder
Filing Deadline	**Please review BULLETIN 2015-07-INS, Timelines 2 or 3, for filing deadlines.**			
NOTE: All required Templates must be completed and validated before filing. **Issuer has **NO** plans filed on the Marketplace	***HIOS Submissions for Off-Marketplace only filings must be submitted by 5/15/2015**			