PA 350 Rate Filing Presentation

PA 350 Requirements – Nongroup Rate Filing Timeline

- BCBSM's Board of Directors must approve all rate filings prior to submission to the insurance commissioner.

- BCBSM must file with the insurance commissioner 120 days prior to the proposed effective date with information supporting that rate.

- Within 30 days after the rate is filed, the insurance commissioner must inform individuals who have requested to be informed of rate-filings in the past 2 years about the rate-filing.

- Within 30 days after the rate is filed, the insurance commissioner must also inform BCBSM whether or not the information provided with the rate is complete.

PA 350 Requirements – Rate Filing Timeline

- If the insurance commissioner determines that the information submitted is incomplete, then BCBSM has 10 days to provide the additional information necessary to complete the filing.
- The insurance commissioner then has 10 days after the receipt of the updated information to inform BCBSM whether or not the rate-filing is complete.
- If the rate-filing is still incomplete then the commissioner must again provide written notice to BCBSM or the insurance commissioner may visit BCBSM to obtain the appropriate information.
- Once the rate filing is deemed complete, BCBSM is also required to publish notice in at least 1 newspaper in each geographic region of the state. The attorney general, OFIR staff and subscribers have 60 days after the notice is published to request a hearing.
- Within 60 days after the rate is filed, the insurance commissioner must "approve, approve with modifications, or disapprove" the proposed rate.

UNLESS... a person with standing, which include subscribers and the attorney general, requests a hearing on the rate.

PA 350 Requirements – **The Rate Hearing Process**

- Within 15 days after an individual or the attorney general requests a rate hearing, the insurance commissioner must appoint an independent hearing officer.
- Within 30 days, but no sooner than 15 days, the hearing shall begin. Historically, the hearing is considered to begin with a prehearing conference. The actual hearing begins three to four months later.
- Each party to the rate hearing must be given a "reasonable opportunity for discovery." **There are no timelines given to establish how long a "reasonable opportunity" should take.**
- The hearing must be conducted according to the Administrative Procedures Act and in an "expeditious" manner.
- The burden of proof is on BCBSM to establish that the proposed rates are equitable, adequate and not excessive.
- At the conclusion of the hearing, the parties file briefs and reply briefs. Following submission of briefs, the hearing officer must render a "proposal for decision."
- After the "proposal for decision" is issued, the parties have the opportunity to submit exceptions to the PFD.

PA 350 - The Rate Filing Timeline

- Within 30 days after receiving the hearing officer's "proposal for decision" and any exceptions to the proposal, the insurance commissioner must render a decision which includes a statement of findings. The insurance commissioner is not required to accept the recommendation of the hearing officer.

- The insurance commissioner is required to withdraw an order of approval or approval with modifications if the commissioner finds that the rate filing no longer meets the requirements of PA 350.

BCBSM 2007 Nongroup Rate Filing

Total days: 677

October 25, 2006
OFIR receives filing

→ **November 27, 2006**
OFIR accepts rate filing

→ **December 12 , 2006**
Notice of filing published in newspapers

→ **February 19, 2007**
Nongroup subscriber requests hearing

→ **March 6, 2007**
OFIR issues Notice of Hearing

→ **March 7, 2007**
BCBSM requests interim rates

→ **March 27, 2007**
Prehearing conference held

→ **April 23 , 2007**
Commissioner approves interim rate increase

→ **December 10, 2007**
Rate hearing begins and runs through December 14

→ **May 14**
Hearing Officer issues rate recommendations

→ **July 11, 2008**
Commissioner issues final decision of 23% rate increase

→ **September 1, 2008**
Final rates become effective

→ **September 8, 2008**
Subscriber appeals final decision

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The Rate Filing Process in Practice: BCBSM 2009 Individual & Medigap Rate Filing

Total days: 395

January 2009
- Rate Filings submitted to OFIR.

March 2009
- OFIR Finds filings incomplete and requests additional information.
- BCBSM submits additional information.
- OFIR deems rate filings complete.

April 2009
- Notices of rate filings published in newspapers.

May 2009
- Attorney General requests hearing on all three filings.

June 2009
- OFIR Staff requests hearing on all three filings.
- 60-day intervention period to request hearings ends.
- Commissioner issues Order scheduling rate hearing.
- BCBSM requests interim rates.
- Pre-hearing conference held and discovery begins.

July 2009
- BCBSM submits direct written testimony of its witnesses.

August 2009
- BCBSM, Attorney General and OFIR Staff agree to settlement of Individual and Group Conversion rate filings.
- Commissioner issues interim rate order for Medigap and final rate order for Individual and Group Conversion based on parties' settlement.
- Attorney General and OFIR Staff submit direct written testimony of their witnesses.

September-October 2009
- Live cross-examination and rebuttal testimony of witnesses.
- Individual and Group Conversion final rates and Medigap interim rates become effective following 30-days' notice to members. Briefs filed.

November 2009
- Hearing Officer issues Proposal for Decision.

December 2009
- Commissioner issues Final Order on Medigap rates.

March 2010
- Final Medigap rates effective with adjustment retroactive to October 1 because final rates were lower than interim rates.

2010 Rate Filing Timeline: BCBSM & Other Health Insurers

Commercial Carriers

File and use rates immediately

HMOs

File rates

Use rates within 60 days

Aetna/Individual
Major Medical (PPO)

Aetna/Medicare Supplemental
Plans A, B, C, F

Health Alliance Plan
Group/Nongroup/Medicare/Complimentary

Humana/Individual
Major Medical (PPO)

Humana/Individual
Major Medical (PPO)

Humana/Individual
Major Medical (PPO)

Priority Health
Group Conversion

United HealthCare
Group Conversion

Processes Across the Nation

NAIC Model

Individual: All rates are subject to the prior approval of the Department. Rates are disapproved if benefits provided are unreasonable in relation to the premium charged (50-65 percent loss ratio depending on renewal clause).

File and use Model

Rates are filed with the Director and used immediately.

Prior approval Model

Rates are filed for approval with the Director. Approval times range from 30 to 60 days.

Conclusion

- BCBSM's rate filing timeline is archaic and cumbersome and slow – as long as 677 days.

- The market has shifted significantly since PA 350 of 1980 was enacted, and the rate filing process should reflect these changes.

- While the future of PPACA is unclear, it is certain that BCBSM's regulatory structure must change.

- Questions?