

1 **DIVISION 053**

2 **Required Materials for Rate Filing for Individual or Small Employer Health Benefit Plans**

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4 **836-053-0471**

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6 (1) Every insurer that offers a health benefit plan for small employers or an individual health benefit plan  
7 covering an Oregon resident shall file the information specified in subsections (2) and (3) of this rule  
8 when the insurer files with the director a schedule or table of premium rates for approval.

9 (2) A schedule or table of base premium rates filed under subsection (1) of this section shall include  
10 sufficient information and data to allow the director to consider the factors set forth in ORS 743.018(4)  
11 and (5). The filing shall include all of the following separately set forth and labeled as indicated:

12 (a) A filing description.

13 (A) Label: FILING DESCRIPTION.

14 (B) The filing description shall be submitted in the form of a cover letter. The filing description must  
15 provide a summary of the reasons an insurer is requesting a rate change and the minimum and  
16 maximum rate impact to all groups or members affected by the rate change, including the anticipated  
17 change in number of enrollees if the proposed premium rate is approved. The description also must  
18 include the name and contact information of the filer and a description of any significant changes the  
19 insurer is making to the following:

20 (i) Rating factor changes;

21 (ii) Plan modification or discontinuance; and

22 (iii) Benefit or administration changes.

23 (b) A rate filing summary.

24 (A) Label: RATE FILING SUMMARY.

25 (B) This summary must explain the filing in a manner that allows consumers to understand the rate  
26 change. The summary shall be in accordance with the form established in Exhibit 1 or Exhibit 2 to this  
27 rule. The information contained in this summary must match the information provided elsewhere in the  
28 filing.

29 **(c) A consumer disclosure summarizing the rate filing.**

30 **(A) Label: CONSUMER DISCLOSURE ABOUT RATE FILING.**

31 **(B) This information shall be provided in a document corresponding in form and content to the form**  
32 **labeled "Consumer Disclosure about Health Insurance Rate Filing" provided by the director and set**  
33 **forth on the website for the Insurance Division of the Department of Consumer and Business Services**  
34 **at [www.insurance.oregon.gov](http://www.insurance.oregon.gov).**

35 [(c)] **(d)** An actuarial memorandum.

36 (A) Label: ACTUARIAL MEMORANDUM.

37 (B) This memorandum must include all of the following:

38 (i) A description of the benefit plan and a quantification of any changes to the benefit plan as set forth in  
39 paragraph (2) (j) of this rule.

40 (ii) A discussion of assumptions, factors, calculations, rate tables and any other information pertinent to  
41 the proposed rate.

42 (iii) A description of any changes in rating methodology supported by sufficient detail to permit the  
43 department to evaluate the effect on rates and the rationale for the change.

44 (iv) The range of rate impact to groups or members including the distribution of the impact on members.

45 (v) Signature of and date that a qualified actuary reviewed the rate filing.

46 [(d)] **(e)** Rate tables and factors.

47 (A) Label: RATE TABLES AND FACTORS.

1 (B) The insurer must include base and geographic average rate tables, identify factors used by the  
2 insurer in developing the rates and explain how the information is used in the development of rates. The  
3 rate tables and factors must include a table of rating factors reflecting ages of employees and  
4 dependents and geographic area. If base rates are not provided by rating tier, the rate tier tables also  
5 must be provided.

6 (C) The document must indicate whether the rate increases are the same for all policies. The document  
7 must clearly explain how the rate increases apply to different policies including the entire distribution of  
8 rate changes and the average of the highest and lowest rates resulting from the application of other  
9 rating factors.

10 (D) The geographic average rate table must include family type, geographic area and the average of the  
11 highest and lowest rates resulting from the application of other rating factors.

12 (E) The rate tables must contain at a minimum the base rates for each available plan. This document  
13 must include information that would permit the determination of rates for each benefit plan, each age  
14 bracket, each geographic area, each rate tier and any other variable used to determine rates. If the rates  
15 vary more frequently than annually, separate rates must either be provided for each effective date of  
16 change or information provided to permit their determination and the justification for such variation in  
17 rates.

18 (F) If the filing is for a health benefit plan issued to a small employer, the insurer also shall include the  
19 following factors if applied by the insurer as allowed under ORS 743.737:

20 (i) Contribution;  
21 (ii) Level of participation;  
22 (iii) Tobacco usage;  
23 (iv) Participation in wellness programs;  
24 (v) Duration of coverage in force; and  
25 (vi) Any adjustment to reflect expected claims experience, which may not exceed the limits established  
26 in ORS 743.737.

27 [(e)] **(f)** Plan relativities.

28 (A) Label: PLAN RELATIVITIES.

29 (B) This document must explain the presentation of rates for each benefit plan, explain the methodology  
30 of how the benefit plan relativities were developed and demonstrate the comparison and  
31 reasonableness of benefits and costs between plans.

32 [(f)] **(g)** A description of the development of the proposed rate change or base rate.

33 (A) Label: DEVELOPMENT OF RATE CHANGE OR BASE RATE.

34 (B) This document is the core of the rate filing and must explain how the proposed rate or rate change  
35 was calculated. The calculation must be based on generally accepted actuarial rating principles for rating  
36 blocks of business and should provide sufficient detail to allow reasonable review. The development of  
37 rate change or base rate also should include actual or expected membership information and identify a  
38 proposed loss ratio for the rating period. A rate renewal calculation must begin with an assumed  
39 experience period of at least one year ending within the immediately preceding year, or, if more recent  
40 data is available for one-year period that concludes with the most recent period for which data is  
41 available. The total premium earned during the experience period should be adjusted to yield premium  
42 adjusted to current rates. A projection is made of premiums and claims for the period during which the  
43 proposed rates are to be effective. Claims for a renewal projection should reflect an assumed medical  
44 trend rate as well as other expected changes in claims cost, including but not limited to the impact of  
45 benefit changes or provider reimbursement.

46 [(g)] **(h)** Trend information and projection.

47 (A) Label: TREND INFORMATION AND PROJECTION.

1 (B) This document must describe how the assumed future growth of medical claims (the medical trends  
2 rate) was developed based on generally accepted actuarial principles. The trend document also must  
3 include historical monthly average claim costs for at least the immediately preceding two years when  
4 applicable. If the carrier's structure does not include claims cost, the carrier shall submit this information  
5 based on allocated costs.

6 [(h)] **(i)** Premium retention.

7 (A) Label: PREMIUM RETENTION.

8 (B) This document must include a description of retention. As used in this paragraph, "retention" means  
9 the amount to be retained by the insurer to cover all of the insurer's non-claim costs including expected  
10 profit or contribution to surplus for a nonprofit entity. Retention must be reported on a percentage of  
11 premium basis.

12 [(i)] **(i)** Worksheet for Individual Health Benefit Plan Rates (if applicable).

13 (A) Label: WORKSHEET FOR INDIVIDUAL HEALTH BENEFIT PLAN RATES.

14 (B) This standardized schedule for individual health benefit plan rates must include earned premiums,  
15 incurred claims and membership totals for the past five years on an annual basis as well as accumulated  
16 to the current date. The same elements must be projected and reported for each of the next three  
17 years. If an active life reserve has been established, that reserve also should be included.

18 [(j)] **(k)** Changes to covered benefits or health benefit plan design.

19 (A) Label: COVERED BENEFIT OR PLAN DESIGN CHANGES.

20 (B) This document must explain benefit and administrative changes with rating impact, including  
21 covered benefit level changes, member cost-sharing changes, elimination of plans, implementation of  
22 new plan designs, provider network changes, new utilization or prior authorization programs, changes to  
23 eligibility requirements, changes to exclusions, or any other change in the plan offerings that impacts  
24 costs or coverage provided.

25 [(k)] **(l)** Changes in the insurer's health care cost containment and quality improvement efforts.

26 (A) Label: COST CONTAINMENT AND QUALITY IMPROVEMENT EFFORTS.

27 (B) This document must explain any changes the insurer has made in its health care cost containment  
28 efforts and quality improvement efforts since the insurer's last rate filing for the same category of  
29 health benefit plan. Significant new health care cost containment initiatives and quality improvement  
30 efforts should be described and an estimate made of potential savings together with an estimated cost  
31 or savings for the projection period. The insurer shall provide information about whether the cost  
32 containment initiatives reduce costs by eliminating waste, improving efficiency, by improving health  
33 outcomes through incentives, or by elimination or reduction of covered services or reduction in the fees  
34 paid to providers for services.

35 [(l)] **(m)** Information about the insurer's financial position.

36 (A) Label: INSURER'S FINANCIAL POSITION.

37 (B) This document must include information about the insurer's financial position, including but not  
38 limited to profitability, surplus, reserves and investment earnings. This document also must include a  
39 discussion of whether the proposed change in the premium rate is necessary to maintain the insurer's  
40 solvency or to maintain rate stability and prevent excessive rate increases for the line of business in the  
41 future. In providing this information, the insurer may reference documents filed with the department as  
42 part of the annual statement or other requisite filings. The referenced material must be available to the  
43 public.

44 [(m)] **(n)** Certification of compliance.

45 (A) Label: CERTIFICATION OF COMPLIANCE.

46 (B) The certificate must comply with OAR 836-010-0011 and must certify that the filing complies with  
47 Oregon statutes, rules, product standards and filing requirements.

48 [(n)] **(o)** Third party filer's letter of authorization (if applicable).

1 (A) Label: THIRD PARTY AUTHORIZATION.  
2 (B) If the filing is submitted by a person other than the insurer, the filing must include a letter from the  
3 insurer that authorizes the third party to submit and correspond with the department on matters  
4 pertaining to the rate filing.  
5 (3)(a) For each schedule or table of premium rates filed, the insurer shall separately include a statement  
6 of administrative expenses for the line of business and complete the chart displaying the five-year trend  
7 of administrative costs included as Exhibit 3 to this rule. The chart must break down the insurer's  
8 administrative expenses relating to:  
9 (A) Salaries, wages, employment taxes and other benefits;  
10 (B) Commissions;  
11 (C) Cost depreciations including but not limited to depreciation for equipment, software or furniture;  
12 (D) Rent or occupancy expenses;  
13 (E) Marketing and advertising;  
14 (F) General offices expenses, including but not limited to sundries, supplies, telephone, printing and  
15 postage;  
16 (G) Third party administration expenses or fees or other group service expense or fees;  
17 (H) Legal fees and expenses and other professional or consulting fees;  
18 (I) Other taxes, licenses and fees; and  
19 (J) Travel expenses.  
20 (b) The statement of administrative expenses required under this subsection must include:  
21 (A) As set forth in Exhibit 3, a statement of administrative expenses on a per member per month basis  
22 set forth separately for claim-related and non-claim expenses;  
23 (B) As set forth in Exhibit 3, an explanation of the basis for any proposed premium rate increase or  
24 decrease related to changes in the administrative expenses of the insurer; and  
25 (C) An explanation of how the insurer allocates administrative expenses for the filed line of business.  
26 (4)(a) Within 10 days after receiving a proposed table or schedule of premium rate filing, the director  
27 shall:  
28 (A) Determine whether the proposed table or schedule of premium rate filing is complete. If the director  
29 determines that a filing is complete, the director shall review the proposed schedule or table of  
30 premium rate in accordance with ORS 742.003, 742.005, 742.007 and 743.018. If the director  
31 determines that the filing is not complete, the director shall notify the insurer in writing that the filing is  
32 deficient and give the insurer an opportunity to provide the missing information.  
33 (B) If the filing is complete, the director shall open the 30-day public comment period. For purposes of  
34 determining the beginning of the public comment period, the date the carrier files a proposed schedule  
35 or table of premium rates shall be the date the director determines that the filing is complete.  
36 (b) The director shall issue a decision approving, disapproving or modifying the proposed table or  
37 schedule of premium rate filing within 10 days after the close of the public comment period.  
38 (5) The director shall post on the Insurance Division website all materials submitted under subsections  
39 (2) and (3) of this rule at the beginning of the public comment period.  
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41 Stat. Auth.: ORS ~~731.244~~, 743.018, 743.019, 743.020  
42 Stats. Implemented: ORS 742.003, 742.005, 742.007, 743.018, 743.019, 743.020, 743.730, 743.767  
43 Hist.: ID 5-2010, f. & cert. ef. 2-16-10