Health Insurance Rate Review Grant Program

Arizona Department of Insurance

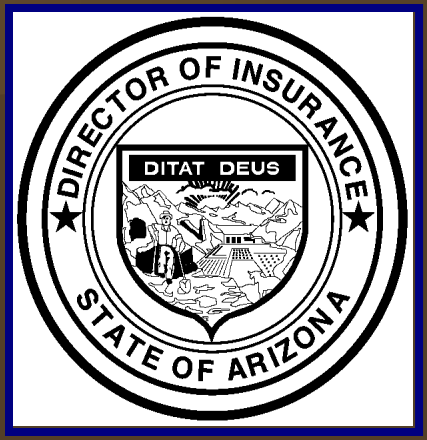
May/June 2011

Welcome!

Arizona Department of Insurance

- Overview of Rate Review Grant Program
- Presentation of Rate Review Topics
- Your Comments & Questions

Arizona Department of Insurance



- Part of Arizona State Government.
- Makes sure insurance companies and agents follow insurance laws.
- There aren’t laws for everything the public wants.

Arizona Department of Insurance

Responsibilities include:

- Licensing insurance companies & agents.
- Monitoring financial condition of AZ insurance companies.
- Assisting and educating consumers.
- <u>Reviewing certain policy forms and rates for compliance with Arizona law:</u>
  - Individual Health Insurance
  - Small Employer Health Insurance

ADOI'S Grant Objectives

- Transparency

  - Improve Public Access to Rate Information

- Compliance

  - Enhance Ways to Review Rate Filings

- Technology

  - Improve Data Collection & Reporting Technology

ADOI Website Postings

- Grant Information

  - Notice
  - Request for Feedback
  - Quarterly Reports
  - Meeting Notes
  - Website Survey

Consumer-Friendly Key Indicators

- Rate Filings for Individual Health Insurance Policies
  - What We Currently Review & How We Review It
  - Suggestions for Changes, within Existing Arizona Law

Current ADOI Review of Individual Rates

- Currently, insurers have to submit detailed rate information to ADOI, for
  - Initial Rate Filings
  - Rate Revisions

Current ADOI Review of Individual Rates

- Rates must meet a certain “anticipated loss ratio.”
- Insurers must submit rate filings with:
  - Certification that the rates comply with the law.
  - Supporting documentation, including a rate schedule and an actuarial memorandum.
  - The average rate increase for the filing.

Review of Individual Rates, contd.

- ADOI reviews individual rate filings to be sure:
  - The filing is complete.
  - The anticipated loss ratio is correct.

- ADOI does not have the authority to disapprove individual rate filings but it can require insurers to change non-compliant items.

Review of Individual Rates Suggested Highlights or Changes

- The insurance company's rate changes for your policy over time.
- The key factors in this year's rate change.
- Whether your policy is "closed" or "open".
- The number of policy holders affected by this increase.
- The insurance company's (actuary's) process and certification that the rates comply with the law.

Consumer-Friendly Key Indicators

- Submittals for Small Employer Health Insurance Policies

- What We Currently Review & How We Review It
- Suggestions for Changes, within Existing Arizona Law

Current ADOI Review of Small Group Submittals

- Insurers do not have to submit their rates to ADOI. However, every year insurers have to –

  - Certify that their rates comply with Arizona law, and

  - Submit certain rates they use to calculate the final premium for these policies

Current ADOI Review of Small Group Submittals, contd.

- Rates must be within a certain rate band.
- Every year, insurers must:
  - Certify in writing that the rates comply with the law.
  - Provide “index” and “base premium” rates that they use to stay within the rate band.
  - Insurers are not required to provide the rates they actually charge.
- ADOI makes sure insurers make their annual submissions.

Review of Small Group Submittals – Suggested Highlights or Changes

- The insurance company's rate changes over time.
- The key factors in this year's rate change.
- The insurance company's (actuary's) process and certification that the rates comply with the law.
- The insurance company's compliance with rate-change disclosure laws.

Thank You

- Watch our Website for More Information and Updates!

- We Value Your Input & Participation – Thank You for Attending!

- **Public Notice:** 100% of this project is financed with federal money. The total grant award is $1,000.000; however, spending is limited to $550,441.00, which is the amount in the budget ADOI submitted with its grant application. None of the project is financed by non-governmental sources.