

**State of New Hampshire
Insurance Department**

In the Matter of
Voluntary Market Health Insurance Coverage
for Individuals Under 19 Years of Age
Ins Docket No.: 10-044-AP

ORDER on HEARING

On December 8, 2010, the New Hampshire Insurance Commissioner (hereinafter "Commissioner") issued a Notice of Hearing pursuant to the provisions of RSA 404-C. This statute authorizes the Commissioner to either adopt a plan by rule or call upon industry to prepare a plan for ensuring the availability of insurance coverage if, after hearing, it is determined that coverage is not readily available in the voluntary market.

The Notice of Hearing was published in the Union Leader on December 27, 2010 and January 3, 2011. On January 10, 2011, the Commissioner held a public hearing on the Notice of Hearing in order to receive testimony on the New Hampshire Insurance Department's proposed interim rule, Ins 1908, and on the availability of coverage for those persons under the age of 19 in the voluntary market.

The Notice of Hearing issued by the Commissioner made a number of findings relative to availability of individual insurance in New Hampshire's voluntary market for children under 19 years of age. At the public hearing, no public testimony was offered to contradict the findings in the Notice of Hearing relative to the availability of insurance.

Accordingly, I hereby adopt the findings in the Notice of Hearing relative to the lack of availability of insurance for children less than 19 years of age in the voluntary market in New Hampshire. RSA 404-C:1 authorizes the Commission to adopt a plan by rule to address this issue. Having found that coverage may not be readily available in the voluntary market for children who are less than 19 years of age, I hereby plan to adopt Ins 1908 as an interim rule through the Administrative Rulemaking process, appended to this order as Exhibit A.

So ordered,

Date: 2-14-11



Roger A. Sevigny, Commissioner

Adopt Part Ins 1908, to read as follows:

Part Ins 1908 Coverage for Individuals Under the Age of 19

Authority: RSA 400-A:15 I., RSA 404-G:6 IV.

Ins 1908.01 Purpose. The purpose of this part is to authorize the New Hampshire Individual Health Plan Benefit Association established pursuant to RSA 404-G to operate a mechanism for risk adjustment and subsidization for individual policies issued to children under the age of 19 on or after September 23, 2010.

Ins 1908.02 Scope and Applicability. The requirements of this part shall apply to individual health insurance writers pursuant to RSA 404-G:5 III.

Ins 1908.03 Definitions. For the purposes of this part:

(a) "Actively marketing" means actively marketing, issuing, and renewing all of the health coverages the respective carrier sells in the individual market to all individuals.

(b) "Board" means the board of directors of the New Hampshire Individual Health Plan Benefit Association.

(c) "Carriers" means any entity licensed to provide health insurance in this state, including an insurance company, a group hospital or medical service corporation, a fraternal benefit society, a health maintenance organization, an organized delivery system, and any other entity providing health insurance subject to state insurance regulation.

(d) "Child-only policies" means individual health insurance policies issued to persons under 19 years of age on or after September 23, 2010.

(e) "Commissioner" means the insurance commissioner of the state of New Hampshire.

(f) "Covered Lives/Life" means all persons living or work in New Hampshire for which a carrier provides health insurance evidenced by a policy or certificate issued in New Hampshire. For group excess loss insurance, or other types of group health insurance for which no certificates are issued, covered lives shall mean those New Hampshire employees and their dependents who are protected, in part, by a policy issued in New Hampshire or intended to cover risks located in New Hampshire.

(g) "Group health insurance" means health insurance coverage other than individual health insurance coverage.

(h) "Health insurance" means health insurance coverages issued in accordance with RSA 415, RSA 420-A and RSA 420-B. Health insurance shall not include accident only, credit, dental, vision, Medicare supplement, Medicare Risk, Managed Medicaid, long-term care, disability income, coverage issued as a supplement to liability insurance, workers' compensation or similar insurance, automobile medical payment insurance, policies or certificates of specified disease, hospital confinement indemnity, limited benefit health insurance or short-term, nonrenewable individual health insurance coverage provided through the New Hampshire Healthy Kids Association, or coverage provided through the Federal Employees' Program. Non-profit health service corporations shall exclude coverage provided through national account policies originating outside of New Hampshire to the extent the non-profit health service corporation assumes no risk for the provision of such insurance. Health insurance includes group excess loss insurance.

(i) "Individual health insurance" means health insurance sold directly to an individual and not on a group remittance basis. Individual health insurance shall include franchise health insurance as defined in RSA 415:19.

(j) "Member(s)" means:

(1) Commercial insurance carriers with covered lives under individual or group policies providing hospital expense insurance, medical-surgical expense insurance or major medical expense insurance;

(2) Commercial insurance carriers writing stop-loss or excess loss coverage with covered lives;

(3) Anthem Blue Cross Blue Shield of New Hampshire; and

(4) Health maintenance organizations and any writer to be licensed in the future under RSA 420-B:23 with covered lives.

(k) "RSA" means the New Hampshire Revised Statutes Annotated.

(l) "RSA 404-G" means RSA 404-G, or portion thereof, as it may be amended from time to time, unless the context clearly requires otherwise.

Ins 1908.04 Risk Adjustment and Subsidization.

(a) Description of Risks to be Shared.

(1) Sharing shall be implemented through a risk adjustment and subsidization mechanism whereby all carriers will subsidize losses of certain carriers issuing individual health insurance policies on or after September 23, 2010 to under 19 year old persons.

(2) Only individual policies with an age rating factor equal to or lower than the lowest applicable age factor for ages 19 and over, and issued directly to under 19 year old persons, shall be eligible for subsidy. For example, under 19 year old persons provided coverage under a family policy issued in the individual market would not be eligible for subsidy.

(3) Only individual policies issued with the maximum allowable health status factor shall be eligible for subsidy.

(b) Subsidization Eligibility Calculation.

(1) Subsidy calculation shall be for experience incurred during a calendar year.

(2) For purposes of the subsidy calculation, the following additional definitions shall apply:

a. "Subsidizable incurred claims" shall mean claims incurred on subsidy eligible policies during the experience period and paid through the reporting date.

b. "Subsidizable gross earned premium" shall mean earned premium accrued during the experience period from subsidy eligible policies.

c. "Experience period net premium" means subsidizable earned premium times 0.90 less the smaller of:

1. 0.06 times subsidizable incurred claims, or
2. 0.09 times subsidizable gross earned premium.

(3) The subsidy shall be based on the amount by which subsidizable incurred claims ("SIC") exceed the experience period net premium ("EPNP") and shall be calculated as specified:

a. 97 percent of SIC above 100 percent of EPNP up to 140 percent of EPNP, plus

b. 93 percent of SIC above 140 percent of EPNP up to 170 percent of EPNP, plus

c. 85 percent of SIC above 170 percent of EPNP up to 190 percent of EPNP, plus

d. 75 percent of SIC above 190 percent of EPNP.

(4) Carriers eligible for risk sharing as defined in (a) above shall be eligible for a subsidy based upon experience of the prior calendar year provided that such carrier was actively marketing individual health insurance child-only policies during the experience period. The initial distribution shall pertain to claims incurred during the experience period from September 23, 2010 through December 31, 2010 for individual health insurance child-only policies newly issued on or after September 23, 2010.

(c) Application for Subsidization.

(1) On or before July 1 of each year, each eligible carrier wishing to apply for a subsidy with respect to the prior year's experience shall make application and submit data in accordance with specifications prescribed by the board; and

(2) A carrier that has made application, while an eligible carrier pursuant to (1) above, for a subsidy with respect to the prior calendar year's experience, may submit a corrective application for a corrective subsidy determination and payment based upon additional experience for that calendar year. Such corrective application may be submitted only once, shall be filed not later than 12 months after the July 1 date for initial application, and shall be completed and contain data in accordance with specifications prescribed by the board. A carrier need not be an eligible carrier at the time of such corrective application or at the time of receipt of any corrective subsidy payment.

Ins 1908.05 Assessment, Subsidy Errors; Interest, Administrative Charges.

(a) Errors Related to Assessments. All member errors related to the assessment shall require the immediate payment of additional amounts due plus interest calculated from the date such sum should have been paid, plus an administrative charge as established by the board.

(b) Errors Related to Subsidies. All member errors related to subsidy amounts shall be immediately reported to the board which shall make, by board action, appropriate adjustments to the subsidy disbursement plan.

(c) Interest and Administrative Charges. All interest payments required under this part shall be calculated from the date the incorrect payment occurred or correct payment should have been made through the date of payment.

Ins 1908.06 Administration and Governance.

(a) The board shall enact a disbursement plan for eligible subsidies considering:

(1) Available funds;

(2) Expenses, including an appropriate reserve for windup expenses as established by the board;

(3) Anticipated current year assessments, investment income, expenses and experience period subsidies; and

(4) Prior unfunded experience period subsidies.

(b) The board shall notify subsidy eligible carriers of the disbursement plan no later than October 1 of each year.

(c) The disbursement plan shall be approved by the commissioner.

(d) The board shall make payments in accordance with its disbursement plan.

(e) The board shall collect assessments in accordance with RSA 404-G. Assessment levels and methodologies shall be recommended by the board based on actuarial projections of the anticipated subsidies and expenses associated with maintaining this mechanism. Assessment levels and methodologies shall be approved by the commissioner.

Rule	Statute
Ins 1908.01	RSA 400-A:15, I.; 404-G:1
Ins 1908.02	RSA 400-A:15, I.; 404-G:1
Ins 1908.03	RSA 400-A:15, I.; 404-G:2
Ins 1908.04	RSA 400-A:15, I.; 404-G:5
Ins 1908.05	RSA 400-A:15, I.; 404-G:5
Ins 1908.06	RSA 400-A:15, I.; 404-G:5

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