



**The State of New Hampshire
Insurance Department**
21 South Fruit Street, Ste 14
Concord, NH 03301

**Roger A. Sevigny
Commissioner**

BULLETIN

Docket Number: INS 06-017-AB

TO: All Licensed Health Insurance Companies & Health Maintenance Organizations

DATE: June 16, 2006

FROM: Roger A. Sevigny, Commissioner

A handwritten signature in black ink, appearing to read "RAS", positioned to the right of the "FROM:" line.

RE: Implementation of SB 369 (CH 125 – 2006 Session)

BACKGROUND

SB 369 affects group health insurance writers subject to RSA 420-G. The bill has three components:

1. The law clarifies that small group writers shall use the standardized health form for making ceding decisions to the small employer health insurance reinsurance pool.
2. The law requires that all groups be given a rating disclosure form.
3. The law clarifies the type of information that the Department shall collect and summarize for the General Court.

STANDARDIZED HEALTH FORM

The standardized health form has been approved for use and is available on the Department's website (www.nh.gov/insurance).

RATE DISCLOSURE FORM

Prior to the passage of SB 369, the Department, with counsel from the Commissioner's SB 125 Advisory Committee, developed a minimum standard form that carriers were asked to use to disclose information relative to the forces of change impacting a group's renewal rate. Carriers agreed to provide this disclosure with all renewal quotes for effective dates in 2006, the first year that SB 125 was effective. An illustration of this safe harbor form is attached as Appendix A.

SB 369 requires that the disclosure form include the health coverage plan rate. The form, shown in Appendix A, does not include the health coverage plan rate and is therefore not compliant with the new law. The Department has developed a new form, illustrated in Appendix B that carriers may consider as a safe harbor disclosure form compliant with SB 369. Carriers electing to use the safe harbor form, or a form that is substantially similar to this illustrated form, need not make a filing with the Department. Carriers that elect to use an alternative form would need to file that form with the Department for approval prior to the carrier using that form.

Carriers providing renewal quotes for effective dates in 2006 would need to provide both the form shown in Appendix A and the form shown in Appendix B. Alternatively, the carrier could provide the form shown in Appendix C. This form combines the information disclosed in the two forms shown in Appendices A and B into one form.

The charts in the safe harbor disclosure forms include certain rows that are simply not applicable in a new business quote situation or for renewal quotes after 2006. Illustrating these rows with blanks, or "N/A," might be confusing to groups. The Department suggests that carriers simply suppress these rows so that they are not shown at all in these situations.

INFORMATION COLLECTION

SB 369 further clarifies the Department's responsibilities to collect, analyze and summarize information on New Hampshire's small employer health insurance market. The Department is reviewing this change in statute and expects to promulgate a revised bulletin detailing the Supplemental Reporting Requirements later this summer.

DEPARTMENT CONTACT

Questions regarding this Bulletin should be addressed to David Sky, FSA, MAA, Life, Accident and Health Actuary via e-mail, David.Sky@ins.nh.gov.

APPENDIX A

MINIMUM STANDARD FORM FOR RATE DISCLOSURE (RENEWING GROUPS)
SINGLE EMPLOYEE RATE

A	Last Year's Premium Rate	400.00
B	Increase in premium rate due to trend	+40.00
C	Increase due to Group Characteristics and Rating Factors	+136.77
D	Unadjusted Renewal single Premium Rate (A+B+C)	=576.77
E	Group Characteristics and Rating Factors Increase not allowed by Cap (20% cap)	-48.77
F	This year's premium rate (D-E)	=528.00

These numbers are based on the following hypothetical:

	Prior Year Rate	Current Year Rate w/o Cap	Current Year Rate w/ Cap
Health Coverage Plan Rate	429.00	471.90	
Single Employee Rate	400.00	576.77	528.00
Two Person Rate	840.00	1,211.22	1,108.80
Family Rate	1,120.00	1,614.96	1,478.40

- Carriers could do this illustration for any rate. For composite bill situations, this disclosure can be most easily illustrated for the Single Employee Only rate. For list bill situations, the carrier should pick an applicable rate from the rate table that is meaningful to the small employer.
- Trend is measured as the change in the health coverage plan rate
 $(471.90/429.00-1)*400.00 = 40.00$
- Increase due to group characteristics (industry, age and group size)
 $576.77-400.00-40.00 = 136.77$
- Increase due to group characteristics not allowed by cap (20%)
 $576.77-528.00 = 48.77$

APPENDIX B

SAFE HARBOR FORM FOR ALL RATE DISCLOSURES

Required pursuant to SB 369

			Renewal Quotes	New Business Quotes
A	Health Coverage Plan Rate	471.90	Required	Required
B	Adjustment due to Group Characteristics and Rating Factors	+104.87	Required	Required
C	Unadjusted Renewal Single Premium Rate (A+B)	=576.77	Required	Required
D	Group Characteristics and Rating Factors Increase not allowed by Cap (20% cap)	-48.77	Required 2006 only	N/A
E	Premium Rate (C-D)	=528.00	Required 2006 only	N/A

These numbers are based on the same hypothetical used for Appendix A.

Row identifiers should be adjusted to reflect the rows being shown, including those shown as formulae. Carriers may modify row labels to better fit the disclosure. For example, row C on new business quotes, and renewal quotes provided after 2006, might be labeled 'Single Premium Rate' or 'Premium Rate' while rows D and E would not be shown.

APPENDIX C

ALTERNATIVE SAFE HARBOR FORM FOR RENEWAL RATE DISCLOSURES

A	Last Year's Health Coverage Plan Rate	429.00	Required
B	Adjustment due to Group Characteristics and Rating Factors	-29.00	Required
C	Last Year's Premium Rate	=400.00	Required
D	Increase in Health Coverage Plan Rate due to Trend	+42.90	Required
E	This year's Health Coverage Plan Rate (A+D)	=471.90	Required
F	Adjustment due to Group Characteristics and Rating Factors	+104.87	Required
G	Unadjusted Renewal Single Premium Rate (E+F)	=576.77	Required
H	Group Characteristics and Rating Factors Increase not allowed by Cap (20% cap)	-48.77	Required 2006 only
I	This year's premium rate (G-H)	=528.00	Required 2006 only

These numbers are based on the same hypothetical used for Appendix A.

Row identifiers should be adjusted to reflect the rows being shown, including those shown as formulae. Carriers may modify row labels to better fit the disclosure. For example, row G for renewal quotes provided after 2006 might be labeled 'Single Premium Rate' or 'This year's Premium Rate', while rows H and I would not be shown.