

STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

Bruce R. Ramge
Director



Dave Heineman
Governor

N-O-T-I-C-E

TO: All Companies Writing Health Insurance in Nebraska

FROM: Bruce R. Ramge, CPCU, CIE
Director of Insurance

DATE: January 9, 2013

SUBJECT: **Proposed Rules and Regulations Regarding Market Reform**

The federal government, via the authority under the Patient Protection and Affordable Care Act, has released several proposed rules and regulations regarding market reforms. Under those proposed rules, the states are required to make decisions regarding their respective markets within certain parameters.

The Department seeks comment on those decision points and is sending out this notice to inform the industry regarding the Department's initial thoughts. The decision points are based on the proposed regulations and are subject to change based upon comment from interested parties or upon any changes in the proposed regulation by the federal government.

If a company plans to file a qualified health plan (QHP) for placement on the federal health insurance exchange, that product will need prior state approval. The federal government is currently working on a template for their filing preference, called the HIOS system. A product will need to be filed in HIOS **and** in SERFF for both federal and state review. Companies should monitor the HIOS system for the latest design for the template. It is our current understanding that HIOS will accept filings in early April, 2013. Additionally, the federal government has indicated that a plan needs to be approved no later than the end of July, 2013 for placement on the federal health insurance exchange.

To accomplish this goal, the Department will review filings on a first come, first served basis via the SERFF filing system. The Department expects a high volume of new filings and, due to the existing and proposed statutory and regulatory rules,

both state and federal review of these filings will take some time. Companies are encouraged to prepare and file their rates and forms as soon as possible. Initial information from the U.S. Department of Health and Human Services indicates that filings may also be required in their HIOS system. We, along with other states, continue to work with and explore the possibility of using SERFF as the sole filing conduit.

With regard to the QHP filings, companies are reminded that they must adhere to the federal rule regarding essential health benefits. The proposed rule currently indicates that the minimum benefit structure is based upon the largest small group plan sold in Nebraska, which is the Blue Cross Blue Shield Plan Five. As denoted above, the rule is not final and may change once it is formally adopted by the federal government. Please monitor **www.healthcare.gov** for updates on this and all federal regulations.

The Department is currently reviewing and awaiting the finality of various federal rules and regulations and seeks comments for those areas wherein there is an option for states. For example, if the regulation regarding community rating remains the same as in the proposed rules, the Department proposes to have one geographic rating area. Additionally, the Department proposes to retain the current federal regulatory suggestion of rating for tobacco use of 1.5:1. The Department also seeks comment if this number should be less per allowance under the proposed federal rule. Additionally, the Department is currently seeking comment regarding the pooling of the small group and individual market and the use of family tiers. The Department proposes not to pool small group and individual markets.

With regard to producers, it is important to note that a producer must still be appointed with the company in order to place business with that company. Additionally, the federal exchange will not pay compensation for the sale of products on the federal exchange; rather, compensation will be based on contractual agreements between insurers and producers.

The Department intends to provide information on a weekly basis, when applicable, on our website which is located at **www.doi.ne.gov**. We would strongly encourage all interested parties to monitor the site for updates and further guidance regarding the health insurance market.

Questions concerning this notice may be directed to Martin Swanson, Health Policy Counsel, at **martin.swanson@nebraska.gov**. Questions regarding the procedure for filing the products may be directed to Holly Blanchard, Life and Health Division Administrator at **holly.blanchard@nebraska.gov**.