

[OAR 836-010-0012] **OAR 836-010-0013**

Exhibit 1



Oregon

John A. Kitzhaber, MD, Governor

Department of Consumer and Business Services

Insurance Division

350 Winter St. NE

P.O. Box 14480

Salem, OR 97309-0405

503-947-7980

Fax: 503-378-4351

www.insurance.oregon.gov

DATE: November 22, 2013

TO: Issuers of Nongrandfathered Individual and Small Group Health Benefit Plans

RE: Guidance for 2013 Oregon Health Benefit Plan Renewals

On Friday, November 15, 2013, the Oregon Insurance Division (OID) announced a decision to allow carriers the option to renew existing 2013 individual and small group health benefit plans. This memo sets forth regulatory requirements and guidance for carrying out the renewal plan.

TOPIC	REQUIREMENT/GUIDANCE	DUE DATE (if applicable)
Rates	<i>If a carrier chooses to offer renewals of 2013 plans to provide coverage through 2014, can the carrier file for rate changes on these 2013 plans?</i>	
	No. Rates for 2013 individual and small group plans renewed to provide coverage through 2014 cannot be changed. No exceptions will be granted. Small group rates cannot be changed to apply additional impact of trend beyond the latest quarter included in a carrier's most recent rate filing. Carriers may continue existing practices with regard to premium increases due to an increase in age during the renewal period, consistent with approved age rating factors.	
Rates	<i>If a carrier chooses to offer renewals of 2013 plans, can the carrier file for rate changes on 2014 ACA-compliant plans in the individual market?</i>	
	No. Rates for ACA-compliant plans offered for sale in 2014 are final and cannot be changed.	
Rates	<i>If a carrier chooses to offer renewals of 2013 plans, can the carrier file for rate changes on 2014 ACA-compliant plans in the small group market?</i>	
	Possibly yes, but only for policies incepting July 1, 2014 or later (Q3 & Q4 effective dates). This depends on CCHIO's ability to support such changes. However, in accordance with the existing rate review framework, OID will analyze the reasonableness of assumptions, profit provisions and contributions to surplus. Carriers may not consider expected individual market loss experience in its small group	

	filings.	
Rates	<i>If a carrier chooses to offer renewals of 2013 plans, can the carrier include an additional profit provision or contribution to surplus to recoup anticipated losses arising from the inability to adjust rates for renewals of 2013 plans or 2014 ACA-compliant plans?</i>	
	No. In accordance with the existing rate review framework, OID will analyze the reasonableness of profit provisions and contributions to surplus included in 2015 and 2016 rate filings. A carrier choosing to offer renewals of 2013 plans must do so in consideration of its current financial position. OID will evaluate necessary changes to the 2015 review process and filing requirements in the near term.	
Offer	<i>Can a carrier choose to offer renewal of some 2013 plans, but not others?</i>	
	No. If offering renewals of 2013 plans, carriers must offer to renew all 2013 plans to all policyholders in a given market (i.e., individual and small group). Carriers are not required to make the same decision for both individual and small group plans.	
Offer	<i>Which individual and small group policyholders can be given the option to renew their existing 2013 plans?</i>	
	<p>a) In the individual market, a policyholder must have been covered on his/her existing plan on October 1, 2013 and be continuously covered on that plan through December 31, 2013. The renewal can either be structured to provide coverage effective December 31, 2013 through March 31, 2014 (a policy period of 3 months plus 1 day) or through December 31, 2014 (a policy period of 12 months plus 1 day) at the option of the carrier. Carriers must select one of these options.</p> <p>b) In the small group market, a carrier that chooses to renew existing, 2013 coverage may renew such coverage for 12 months or longer regardless of whether a policyholder had such coverage on October 1, 2013. Renewals of existing coverage must occur no later than December 31, 2013. Renewed coverage may not extend beyond December 31, 2014.</p> <p>c) In both markets, plans renewed or issued on or after January 1, 2014 must comply with ACA market reforms.</p>	
OID Notice	<i>When must a carrier notify OID of its decision to offer or not offer renewals of 2013 plans?</i>	Noon (PT) Nov. 22
	Carriers must notify OID of their decisions no later than Friday, November 22 at 12pm Pacific time. This deadline applies to all carriers with existing individual and small group plans, and notice to OID is required regardless of the decision made by the carrier. Exceptions will not be granted. Notice must include the number of policyholders and members, by market, being offered the option to renew 2013 plans and should be made by e-mail to Annette Boyce at	

	annette.c.boyce@state.or.us . OID will provide a template for reporting member/policyholder count data.	
Design	<i>Can a carrier make the renewal of 2013 plans an “opt-out” option by automatically renewing policyholders’ 2013 plans effective December 31, 2013 instead of rolling policyholders into new 2014 plans according to the mapping outlined in carrier discontinuation notices?</i>	
	No. Individual or small group policyholders must “opt in” to renew existing 2013 plans beyond the scheduled discontinuation date and must notify their carrier of their decisions no later than a date specified by the carrier. Carriers must follow the approach laid out in their respective discontinuation notices regarding plan mapping and policyholder response, with the option to renew a 2013 plan for coverage through 2014 treated in the same manner as a policyholder selecting a plan other than the new “mapped” plan. This approach will minimize confusion amid conflicting communications from carriers.	
Design	<i>How must the renewals of 2013 plans be structured?</i>	
	<p>a) In the individual market, a carrier choosing to renew 2013 plans to provide coverage through 2014 must ensure that existing coverage is continuously effective from October 1, 2013 through December 31, 2013. The effective date of renewed 2013 plans must be December 31, 2013, and coverage must be provided through either March 31, 2014 or December 31, 2014.</p> <p>b) Small group: Coverage must be renewed no later than December 31, 2013 and may be renewed for 12 months or longer regardless of whether a policyholder had such coverage on October 1, 2013. Renewed coverage may not extend beyond December 31, 2014.</p>	
Design	<i>How will deductibles and out-of-pocket maximums work?</i>	
	<p>a) Carriers offering to renew 2013 plans in the individual market must use calendar year accumulators, resetting these accumulators on January 1, 2014. These carriers must also credit expenses inuring to deductibles and out-of-pocket maximums toward new accumulators if a policyholder enrolls in a new 2014, ACA-compliant individual plan with the same carrier during 2014.</p> <p>b) Carriers offering to renew 2013 plans in the small group market must use plan year accumulators as defined in the existing contract. If a renewed plan is issued for more than 12 months, the plan year is the renewal period. These carriers must also credit expenses inuring to deductibles and out-of-pocket maximums toward new accumulators if a policyholder enrolls in a new-2014, ACA-compliant small group plan with</p>	

	<p>the same carrier prior to discontinuation of renewed coverage.</p> <p>c) Any carrier may, at its option, offer credit for deductible and out-of-pocket maximum expenses paid by a policyholder on another carrier's plan.</p>	
PH Notice	<i>When must carriers communicate the option to renew 2013 plans to policyholders?</i>	Nov. 29
	<p>a) Carriers choosing to offer renewal of 2013 plans must communicate the option to its policyholders no later than Friday, November 29, 2013.</p> <p>b) Communication by mail is effective on the date it is postmarked. Communication by electronic means is effective on the date sent.</p>	
PH Notice OID Filing	<i>What information must be included in the communication to policyholders, and what are OID's filings requirements?</i>	Nov. 29 Info. Filing
	OID has developed a notice required for use by all carriers choosing to offer renewals of 2013 plans. A carrier must use this notice without modification, other than to include its logo and contact information. Prior approval from OID is not required but all carriers must file the notice, including carrier logo and contact information, with OID as an informational filing by November 29, 2013.	
PH Notice OID Filing	<i>What other consumer communications are required?</i>	Jan. 15
	<p>a) For policyholders opting to renew 2013 plans, carriers must provide confirmation of renewal by January 15, 2014. OID will draft the notice language required for use by all carriers offering 2013 renewals. A carrier must use this notice without modification, other than to include its logo and contact information. Prior approval from OID is not required but all carriers must file the notice, including carrier logo and contact information, with OID as an informational filing by January 15, 2014. The notices will address such things as the following:</p> <ul style="list-style-type: none"> ▪ Tax credits are not available for renewals of 2013 plans; ▪ Renewed 2013 plans do not include benefits required by the ACA. ▪ Opportunities to enroll in ACA-compliant coverage during the 2014 calendar year, including the last day of the initial open enrollment and the relevant effective dates. <p>b) Similar notice will be required to be sent to policyholders renewing 2013 plans by March 1, 2014.</p>	<p>Confirm Extension with PH</p> <p>Info. Filing to OID</p>

Report	<i>What information will OID require carriers to report?</i>	Date and timing to be determined
	<p>a) OID will require all carriers to report several pieces of information, separately for the individual and small group market. OID is still developing reporting requirements, and the information required may include, but is not limited to the following:</p> <ul style="list-style-type: none"> ▪ The number of policyholders and members who received discontinuation notices as of December 31, 2013; ▪ The number of policyholders and members opting to renew their 2013 plans for coverage through 2014; ▪ The number of policyholders and members selecting a new-2014, ACA-compliant plan with the same carrier; ▪ The number of policyholders and members automatically enrolled in a “mapped” plan; ▪ The number of policyholders and members being cancelled by the carrier with no offer to map or renew 2013 coverage; ▪ The number of existing policyholders and members enrolled through Cover Oregon with a January 1, 2014 effective date; ▪ The number of policyholders and members who declined direct offers of ongoing coverage with the carrier (does not include policyholders/members enrolling through Cover Oregon); and ▪ Updated financial projections for 2014 reflecting the impact of the option to renew 2013 plans for coverage through 2014 on projections of enrollment, written premium, claims costs, administrative costs, loss ratio, and year-end capital and surplus. 	
Rates	<p><i>What rates can be applied to renewing policies? For example, the current rate plus age adjustment (if the carrier chooses to apply it) or the same rate a newly enrolled customer would receive?</i></p>	
	<p>For individual and small group, a carrier may use existing filed and approved 2013 rates corresponding to the effective date of coverage.</p>	
Offer	<p><i>Can a customer that purchased a policy after October 1, 2013 be offered a renewal?</i></p>	
	<p>For individual coverage to be renewed, it must be continuously in effect from at least 10/1/2013 through 12/31/13. There is no similar requirement for renewal of small group coverage.</p>	
Design	<p><i>Can a customer choose a new plan or change plan features (deductibles, etc.)?</i></p>	
	<p>For individual coverage, the renewed plan must be the same. [We will evaluate any new mandates that had an immediate effective date and issue further guidance.]</p>	

Dental	<i>Can dental coverage be renewed?</i>	
	There are no changes to the current renewal process for dental coverage. Renewed 2013 coverage is not subject to the pediatric dental requirements of the ACA.	
Rates	<i>Can rates for renewed plans include 2014 trend?</i>	
	No. A carrier must use rates approved for 2013.	
Offer	<i>Can consumers be required to accept a plan renewal?</i>	
	No. Acceptance of the 2013 plan renewal is optional for the consumer.	
Offer	<i>Must the rates applicable to the renewal accompany the policyholder notice of the renewal option?</i>	
	Yes.	
	NEWLY ADDED FAQ	
Rates	<i>Is a carrier permitted to add the ACA taxes and fees to 2013 plan renewals as provided for in HB 2240?</i>	
	A carrier has the option to include the federal reinsurance assessment and the federal health insurance providers' fee, as outlined in Section 6 of HB 2240. These additions must be netted against the removal of the 2013 charges for OMIP, Children's Reinsurance, the 1% premium tax, and any load for portability coverage. A carrier cannot include a charge for the 2014 Oregon state supplemental reinsurance program or the PCOR fee. Carriers opting to include the allowable fees must disclose the additional amount in their notice to members on Nov. 29 and must provide a justification of the additional amount to the division by Nov. 29.	Nov. 29
PH Notice	<i>Are carriers required to send CMS' standard notices for transition to ACA compliant policies per the 11/21/2013 bulletin?</i>	
	No. Oregon's 2013 renewal plan will result in policies being renewed no later than 12/31/2013. The CMS bulletin applies to policies renewed between January 1, 2014 and October 1, 2014.	

Additional questions can be addressed to Annette Boyce by e-mail annette.c.boyce@state.or.us or by phone at 503/947-7211.