



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

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May 24, 2017

ELECTRONIC MAIL

Ms. Megan R. Mason
Director of Rate Team
Office of Oversight at CCIIO

Dear Ms. Mason,

The Patient Protection and Affordable Care Act (ACA) requires health insurance issuers in the non-grandfathered individual and small group markets to utilize a defined uniform age curve in applying the ACA's age rating rules.

Currently, the Federal default standard age curve incorporates a single age band for individuals age 0 to 20 years of age, with all premium rates being the same within this age band. The 2018 Notice of Benefit and Payment Parameters revised the default Federal uniform age curve to incorporate a single age band for individuals age 0 through 14 and one-year age bands for individuals age 15 through 20 for plan or policy years beginning on or after January 1, 2018.

Pursuant to 45 C.F.R. § 147.102(e) and 147.103, each state may establish its own uniform age rating curve for use in the non-grandfathered individual and small group markets. If a state does not do so, issuers are required to use the default Federal uniform age curve. Mississippi has utilized the Federal default age curve since 2014.

Mississippi health insurance insurers have advised the Mississippi Insurance Department (MID) that the new age curve taking effect in 2018, particularly the rating factors applicable to the new child age bands noted above, will have a significantly disruptive effect on premium rates for younger enrollees in the ACA individual and small group markets in the state. One large issuer's observations indicate the new child age bands will, assuming all other rating factors remain the same, result in a 20.5% increase for the 0-14 age band in 2018. The percentage rate increase rises for each child age band, up to approximately 53% for the

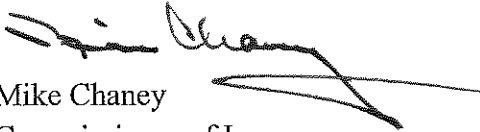
20-year-old age band. Again, these figures are based only on the new age curve and do not incorporate other rating factors which may result in even larger rate increases.

Given the significant and disruptive rate increases for younger enrollees likely to result from the use of the new Federal default age curve in Mississippi, the MID must take action to maintain a stable insurance market for Mississippians. Therefore, the MID is requesting approval from CMS pursuant to 45 C.F.R. § 147.102(e) and 147.103 to continue to use the current Federal default uniform age curve in the non-grandfathered individual and small group markets for plan or policy years beginning on or after January 1, 2018. Please see the attached State Rating Requirements Disclosure Form memorializing this request.

If you have any questions, please feel free to contact me at 601-359-3580 or you may contact Bob Williams, the Director of Life and Health Actuarial Division, at 601-359-9375.

I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Chaney", with a long horizontal flourish extending to the right.

Mike Chaney
Commissioner of Insurance

State Rating Requirements Disclosure Form

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is **0938-1258**.

Instructions:

Complete this disclosure form to provide rating requirements specific to your State and/or to request approval for geographical rating areas. This form must be submitted by the State Department of Insurance or other applicable regulatory agency and signed by an authorized official. You must complete all sections of this form and submit it no later than February 1 of the calendar year prior to which the standard applies. Please provide the names and contact information for at least two people who are knowledgeable about the contents of this form and may serve as contacts for CMS.

Submit the completed form and supporting documents electronically to:
marketreform@cms.hhs.gov.

Submit any questions to: marketreform@cms.hhs.gov.

PART A

1. **State:** Mississippi

2. **Date of Disclosure:** 5/16/2017

3. **Primary Contact Information**

Name: Mike Chaney

Designation: Commissioner of Insurance

Address: P.O. Box 79 Jackson, MS 39205-0079

Phone: (601) 359-3580

E-mail: mike.chaney@mid.ms.gov

4. **Secondary Contact Information**

Name: Bob Williams

Designation: Director of Life and Health

Address: P.O. Box 79 Jackson, MS 39205-0079

Phone: (601) 359-3975

E-mail: bob.williams@mid.ms.gov

5. Please indicate whether the state is seeking CMS approval for a number of rating areas in the individual and/or small group market that is greater than the number described in 45 CFR §147.102(b)(3)(ii):

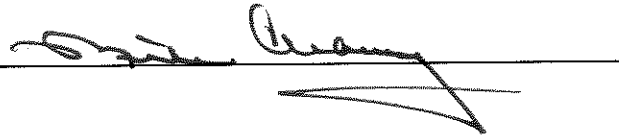
Yes

No

6. Official authorized to sign this disclosure:

Name and Designation: Mike Chaney, Commissioner of Insurance

Signature: _____

A handwritten signature in black ink, appearing to read "Mike Chaney", is written over a horizontal line. The signature is stylized and includes a large, sweeping flourish at the end.

PART B

I. Age Rating Ratio (45 CFR §147.103(a)(1))

1. Within the individual market, are health insurance issuers in your state required to use an age rating ratio narrower than 3:1?

The state has no specific requirements in the individual market and the state uses a 3:1 age rating ratio.

Yes, the ratio is narrower – details are provided below.

2. Enter the state's individual age rating ratio (if narrower than 3:1): _____

3. Within the small group market, are health insurance issuers in your state required to use an age rating ratio narrower than 3:1?

The state has no specific requirements in the small group market and the state uses a 3:1 age rating ratio.

Yes, the ratio is narrower – details are provided below.

4. Enter the state's small group age rating ratio (if narrower than 3:1): _____

5. Provide details as appropriate, specifying market.

6. List supporting documents attached, if any.

II. Age Rating Curve (45 CFR §147.103(a)(6))

- 1. Within the individual market, are all health insurance issuers in your state required to use a uniform age rating curve other than the federal default age curve?**

Yes

No

- 2. If yes, provide the age rating curve for the individual market.**

Beginning with plan year 2018, Mississippi will use the Federal default uniform age rating curve that was in effect for plan years 2014-2017.

- 3. Within the small group market, are all health insurance issuers in your state required to use a uniform age rating curve other than the federal default age curve?**

Yes

No

- 4. If yes, provide the age rating curve for the small group market.**

Beginning with plan year 2018, Mississippi will use the Federal default uniform age rating curve that was in effect for plan years 2014-2017.

- 5. List supporting documents attached, if any.**

III. Tobacco Use Rating Ratio (45 CFR §147.103(a)(2))

1. Within the individual market, are health insurance issuers in your state required to use a tobacco use rating ratio narrower than 1.5:1?

The state has no specific requirements in the individual market and the state uses a 1.5:1 rating ratio.

Yes, the ratio is narrower – details are provided below.

2. Enter the state's individual tobacco use rating ratio (if narrower than from 1.5:1):

3. Within the small group market, are health insurance issuers in your state required to use a tobacco use rating ratio narrower than 1.5:1?

The state has no specific requirements in the small group market and the state uses a 1.5:1 rating ratio.

Yes, the ratio is narrower – details are provided below.

4. Enter the state's small group tobacco use rating ratio (if narrower than 1.5:1): _____

5. Provide details as appropriate, specifying market.

6. List supporting documents attached, if any.

IV. Single Risk Pool (45 CFR §156.80(c))

1. Are health insurance issuers in your state required to merge the individual and small group insurance markets into a single risk pool for purposes of section 1312(c) of the Affordable Care Act?

Yes, details are provided below.

No, the markets are always separate and distinct.

No, however, individual and small group market experience is combined to establish a market-adjusted index rate (but the markets are separate for applying plan adjustment factors).

2. Provide details as appropriate.

3. List supporting documents attached, if any.

V. Small Group Market Premiums (45 CFR §147.103(a)(5))

- 1. Are health insurance issuers in the small group market in your state required to offer to a group health plan premiums that are based on average enrollee premium amounts (composite premiums)?**

Yes

No

- 2. Provide details as appropriate.**

- 3. List supporting documents attached, if any.**

VI. Geographical Rating Areas (45 CFR §147.103(a)(3))

1. Within the individual market, are health insurance issuers in your state required to use state-defined geographical rating areas?

Yes, details are provided in 2, 3, 4 and 5 below.

No, the state will use the default rating areas in the individual market.

2. Enter the number of rating areas (if applicable): _____

3. Basis for rating areas (if applicable)

Rating areas based on counties

Rating areas based on three-digit zip codes

Rating areas based on metropolitan statistical areas (MSAs) and non-MSAs

4. Date rating areas were established by law, rule, regulation, or other executive action (if applicable): _____

5. Is the state seeking CMS approval for a number of rating areas in the individual market that is greater than the number described in 45 CFR §147.102(b)(3)(ii)?

Yes

No

If yes, provide details in 11 and 12 below.

6. Within the small group market, are health insurance issuers in your state required to use state-defined geographical rating areas?

Yes, details are provided in 7, 8, 9 and 10 below.

No, the state will use the default rating areas in the small group market.

7. Enter the number of rating areas (if applicable): _____

8. Basis for rating areas (if applicable)

Rating areas based on counties

Rating areas based on three-digit zip codes

Rating areas based on metropolitan statistical areas (MSAs) and non-MSAs

9. Date rating areas were established by law, rule, regulation, or other executive action (if applicable): _____

10. Is the state seeking CMS approval for a number of rating areas in the small group market that is greater than the number described in 45 CFR §147.102(b)(3)(ii)?

Yes

No

If yes, provide details in 11 and 12 below.

11. Provide detailed description of the proposed rating areas, specifying market.

12. List supporting documents attached, if any.

VII. Family Tier Structure (45 CFR §147.103(a)(4))

(For states that do not permit any rating variation based on age or tobacco)

1. Within the individual market, are health insurance issuers in your state required to determine premiums for family coverage by using uniform family tiers and the corresponding multipliers established by the state?

Yes

No

2. If yes, provide details regarding family tiers and corresponding multipliers for the individual market.

3. Within the small group market, are health insurance issuers in your state required to determine premiums for family coverage by using uniform family tiers and the corresponding multipliers established by the state?

Yes

No

4. If yes, provide details regarding family tiers and corresponding multipliers for the small group market.

NOTE: Mississippi has an OPTIONAL 4-tiered composite methodology which became effective 10/1/2016. The tier factors are as follows: Employee Only 1.0; Employee + Spouse 2.0; Employee + Children 1.85; Employee + Family 2.85.

5. List supporting documents attached, if any.