

State Rating Requirements Disclosure Form

February, 2013

**Submitted by: North Carolina Department of Insurance
2nd Submission - March 28, 2013**

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-XXXX**. The time required to complete this information collection is estimated to average 8 hours (480 minutes) per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

Instructions:

This form must be submitted by the State Department of Insurance or other applicable regulatory agency and signed by an authorized official. Complete this disclosure form to provide rating requirements specific to your state and/or to request approval for geographical rating areas. You must complete all sections of this form. Please provide the names and contact information for at least two people who 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: North Carolina
2. Date of Disclosure: ~~March 15, 2013~~ **March 28, 2013**

3. **Primary Contact Information**

Name: Julia Lerche

Designation: Health Actuary

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4. **Secondary Contact Information**

Name: Jean Holliday

Designation: Regulatory Project Manager

Address: 1201 Mail Service Center, Raleigh, NC, 27699

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E-mail: jean.holliday@ncdoi.gov

5. Please indicate whether the state is seeking CMS approval for rating areas not established by law, rule, regulation, bulletin, or other executive action for the entire state as of January 1, 2013 and the 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: Wayne Goodwin, Commissioner of Insurance



Signature:

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 lower 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 lower – details are provided below.

2. Enter the state's individual age rating ratio (if lower than 3:1): N/A

3. Within the small group market, are health insurance issuers in your state required to use an age rating ratio lower 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 lower – details are provided below.

4. Enter the state's small group age rating ratio (if lower than 3:1): N/A

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.

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.

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 lower 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 lower – details are provided below.
2. Enter the state’s individual tobacco use rating ratio (if lower 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 lower 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 lower – details are provided below.
4. Enter the state’s small group tobacco use rating ratio (if lower than 1.5:1): _____
5. Provide details as appropriate, specifying market.
6. List supporting documents attached, if any.

IV. Risk Pools (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?

Yes, details are provided below.

No, the markets are always separate and distinct.

No, however, ~~it is allowed~~ it is not explicitly prohibited by State law.

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 premiums that are based on average enrollee amounts?

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 has no specific rating areas in the individual market.

2. Enter the number of rating areas (if applicable): N/A 16 (Proposed)

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):
N/A

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 has no specific rating areas in the small group market.

7. Enter the number of rating areas (if applicable): N/A 16 proposed

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):

N/A

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.

~~The North Carolina Department of Insurance requests CMS approval of a proposal to set geographic rating areas at the county level (100 counties) for both the individual and small group health insurance markets in North Carolina.~~

The North Carolina Department of Insurance requests CMS approval of a proposal to set geographic rating areas to sixteen (16) rating areas for both the individual and small group health insurance markets in North Carolina. The areas are county based and meet the presumed adequate number of regions specified in the federal regulation.

12. List supporting documents attached, if any.

~~See Attachment 1~~

See the attached map and key of the sixteen regions and the counties in each region.

VII. Family Tier Structure (45 CFR §147.103(a)(4))
(For states with community rating)

THIS IS NOT APPLICABLE TO NC

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.
5. List supporting documents attached, if any.