

**Advisory Memorandum on Comprehensive Health Insurance  
In the Individual and Small Employer Group Markets**

To: All Insurers of Health Benefit Plans<sup>1</sup> in the Individual and Small Employer Group Health Insurance Markets

From: Life and Health Division

Date: November 15, 2013

Re: The Federal Transitional Policy Relating to Individual and Small Group Health Benefit Plans Described in November 14, 2013, Guidance Issued by CMS/CCIIO<sup>2</sup>

On November 14, 2013, the President announced federal guidelines under which insurers may offer reenrollment for another year in health benefit plans facing cancellation as a result of the 2014 reforms under the Affordable Care Act. This memo outlines the Life & Health Division's (the Division) expectations for the "expedited review process" mentioned by the Department in the November 15<sup>th</sup> press release and statement.

Insurers wishing to take advantage of the federal transitional policy and the Division's expedited review process shall:

- Make the election to follow the federal transitional policy on a market-wide basis, offering reenrollment to all impacted policyholders in a market.
- Submit the rate revision requests to the Division using SERFF. Do not submit individual market and small group market requests under the same filing.
- Clearly indicate the purpose of the submission and specifically mention the submission is to take advantage of the process outlined in this memo.
- Submit all required supplemental/supporting documentation, including draft policyholder notices, required by North Carolina laws or regulations which are applicable to pre-2014 health benefit plan rate revision requests.

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<sup>1</sup> Health benefit plan as defined in NCGS 58-3-167

<sup>2</sup> Health benefit plan coverage in the individual or small group market that is renewed for a policy year starting between January 1, 2014, and October 1, 2014, and which was in effect on October 1, 2013.

- Submit with each rate revision request a certification signed by an actuary who is a member of the American Academy of Actuaries and qualified to provide certifications that the submitted premium rates are not excessive, not inadequate, or unfairly discriminatory and exhibit a reasonable relationship to the benefits provided by the contract of insurance.
- Submit a certification that the plans subject to the rate revision request meet the criteria outlined in the CMS guidance and that all notices required by that guidance will be issued as required.

The Commissioner encourages insurers to submit filings as quickly as possible in order to provide consumers with options as soon as possible. Filings following this memorandum and containing the information outlined above will be subject to the Division's expedited review process and will be processed expeditiously.

For health benefit plans operating under the federal transitional policy, state regulatory issues will be handled in accordance with the federal transitional policy and in a manner which permits insurers to accomplish the goal of allowing policyholders to reenroll in their policy.

The CMG guidance referenced in this memo may be accessed at:

<http://www.cms.gov/CCIIO/Resources/Letters/Downloads/commissioner-letter-11-14-2013.PDF>.

If an insurer elects to NOT follow the transitional policy, the Division asks that the insurer submit that decision to the Division as soon as possible. Such communications should be directed to Jean Holliday at [jean.holliday@ncdoi.gov](mailto:jean.holliday@ncdoi.gov).

Questions about this memorandum should be addressed to Jean Holliday, Regulatory Project Manager/Health Care Reform Supervisor, at [jean.holliday@ncdoi.gov](mailto:jean.holliday@ncdoi.gov) or 919-807-6061.