

Synopsis of Comments on the PRA package

CMS received 91 comments on the PRA package documents that include the Consumer Disclosure, Preliminary Justification spreadsheet and the Instructions for the Preliminary Justification. A complete listing of each item is in the attached spreadsheet.

The comments were submitted by: Aetna, America's Health Insurance Plans (AHIP), the Blue Cross Blue Shield Association of America (BCBSA), and the American Academy of Actuaries (AAA).

Consumer Disclosure Form

Twelve (12) comments pertain to the Consumer Disclosure Form. Of these, seven (7) comments pertained to minor copy editing items, such as minor label or language corrections or changes that can readily be adopted and that CMS agrees in whole or in part should be accepted. Another such comment was rejected since it did not add clarity or value.

Two (2) comments suggested the data exhibited on the sample Consumer Disclosure form be exactly coordinated with the data entered into the sample Preliminary Disclosure file – which is also both acceptable and easily adopted. Another (1) comment pointed out that, in the event of a negative value, a table might be better to use at one point instead of a Pie Chart on the Consumer Disclosure.

A final comment generally objected to the consumer disclosure expressing concern that “the disclosure forms may inadvertently confuse and mislead consumers” and was rejected.

Preliminary Justification Spreadsheet

Seventeen (17) comments pertain to the Preliminary Justification. **None of the accepted comments requires a significant change to the actual Preliminary Justification Spreadsheet.** One comment sought a material change to the spreadsheet – the addition of Policy Reserves – which was considered as the form was originally created and it was decided by CCIO Leadership that this information was not useful or readily explainable to the consumer and hence it was excluded from the Consumer Disclosure form. Since the purpose of the Preliminary Justification form is to collect the data necessary to populate the Consumer Disclosure, the collection of additional superfluous information is inappropriate and the idea is rejected.

Seven (7) comments entailed minor copy editing items, such as minor label or language changes or corrections. Four (4) of these changes were accepted and are readily adopted, whereas three were not. One (1) comment called for the release of a working version of the Preliminary Justification Spreadsheet.

Five (5) pertained to number formatting and rounding or the number of decimal places utilized by the form and data entry. Generally speaking, these comments are addressed by virtue of the fact that the

form uses floating decimal numerical values throughout its calculations, and the values displayed are simply rounded to the digits displayed.

Three (3) comments suggested the data exhibited on the sample Preliminary Justification Form be exactly coordinated with the Consumer Disclosure form – which is both acceptable and easily adopted.

Instructions (for Completing the Preliminary Justification Form)

Sixty two (62) comments pertain to the Instructions.

One comment seeking a substantive change suggested that we abandon the standardized one-year period utilized in the Preliminary justification form and make the period variable. This was rejected since the change would undermine the utility of using a standard period.

Another suggesting the addition of Statutory Policy Reserves also was not accepted, as was another that sought exceptions to providing Cost Share information.

Two (2) comments pertaining to trend were not accepted including the suggestion that we adopt and mandate a specific model using base and periodic trend bifurcation. CMS places no restrictions on how trend can be utilized in pricing or plan design and development, or used in State rate filings. CMS does not accept changing the threshold calculation from the premium weighted definition it began with.

Two (2) comments advocated for a prospective or retrospective variation of the calculation of the average increase in the threshold test. Changes to the methodology were rejected.

Ten (10) comments pertained to the examples provided to illustrate the calculation of the average increase for purposes of applying the threshold test. Most commenters seized the opportunity to offer more complex variations or discussions suggesting either a prospective or retrospective variation of the test be adopted. We have taken each example commented upon along with each added complexity discussed or suggested and worked out the arithmetic in a spreadsheet format to fully illustrate how that case or scenario would work. We believe providing these as an appendix might prove most useful.

One (1) comment expressed unwarranted concern that the threshold test, in the case of multiple increases in one year, in considering the effect of all increases made within a year of the effective date of an increase would trigger retroactive review of earlier filing that are under the threshold.

We have taken our four (4) examples, and expanded them to address the multiple variations (case scenarios) offered by the industry to consider. This is done in Microsoft Excel and includes all calculations. In addition CMS received a spreadsheet with several additional examples submitted to CMS by the Kentucky Department of Insurance that also are illustrative.

The lion's share of comments, thirty-nine (39) of them, pertain to minor copy editing items, such as minor label or language corrections or changes. **We have prepared a redlined version of the**

Instructions incorporating all the accepted changes so that they can be easily reviewed and understood. Twenty (20) of twenty two (22) comments were accepted and pertain to these types of corrections. Seventeen (17) comments were suggestions but were also of minor consequence.

Three (3) comments pertain to the issue of rounding or decimal places utilized. The form uses floating decimal numerical values throughout its calculations, and the values displayed are simply rounded to the digits displayed. The explanation of this fact basically addresses the concerns the comments raised.

One (1) final comment referring to section E of the form suggested we alter the Boolean yes/no indicator pertaining to whether a form was new in any of the past three years. The comment was not accepted since it provided no utility, clarity or simplicity.