

Washington State Office of the Insurance Commissioner
Stop Loss Rate Filing Guidance

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PURPOSE

This document provides general guidance for preparing a stop loss rate filing. Although using the following information does not guarantee that your rate filing will be approved, it will help expedite the review of your filing by avoiding common objections that extend the reviewing process.

GUIDANCE

I. Rate Manual and Rate Calculations

A. Rate Calculations

1. The rate manual in your filing must account for all variations of rate calculations based solely on the rate filing in which your rate manual is filed per RCW 48.19.010(2). Therefore, your rate calculations must follow the rate manual exactly as filed, using only the group's information and policy specifications. Using unfiled rates may result in disciplinary action. Your rates are not filed if you do not use the rate manual exactly as it is filed which includes using rules or factors not explicitly provided in your rate manual.

B. Underwriting

1. Your rate manual must establish clear rules that account for all variations of underwriting adjustments you intend to use in your rate calculations. Therefore, you must ensure we can duplicate the results of your underwriting adjustments. [RCW 48.19.010(2)]
2. If applicant surveys are used in any variation of your rate calculation, a copy of the survey and rules for scoring the surveys will be required. [RCW 48.19.010(2)]

C. Commissions

1. Your rate manual must establish explicit rules to account for commissions in your rate calculations. Note that commission rules in your rate manual may only apply for the purpose of determining premium and not actual commissions paid.

D. Variables

1. You should list all variables used in your rate calculation and compare the list with the Statement of Variability from the corresponding form filing. For each variable in the Statement of Variability that establishes the benefit design of a policy (e.g. riders, waiting periods) but is not specifically used in the rate manual, you should explain why the variable is not used in the rate manual. [RCW 48.19.020(2)]

E. Definitions

1. Include a list of definitions. The definitions used in the rate filing and form filing must be consistent and not violate Washington State law.
2. Important definitions:
 - i. Premium: RCW 48.18.170 and RCW 48.18.180.

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- ii. Aggregate Attachment Point and Individual Attachment Point: RCW 48.21.015 defines the required attachment point for the stop loss insurance.
- iii. Deductible: In the stop loss rate manual, deductible is usually to reference the underlying self-funded plan. The deductible is not the same as the attachment point.

F. Attachment Points

- 1. Per RCW 48.21.015(3) and RCW 48.21.015(4), please provide a spreadsheet on the Supporting Documentation tab (in both Excel and PDF formats, see Section II.C) on SERFF with the following information for each Washington State policy currently in force:
 - i. The policy number;
 - ii. The total expected claims of the self-funded employer in dollars (this is the total expected claims before the stop loss policy is issued);
 - iii. The policy's aggregate attachment point in dollars;
 - iv. If applicable, the policy's individual attachment point in dollars.
- 2. Policies must have an aggregate attachment point per RCW 48.21.015(3) and the rate manual must provide rules for the use of an aggregate attachment point RCW 48.19.010(2).
- 3. If an individual attachment point is used then rules must be provided for that case as well. [RCW 48.21.015(4)]

G. Structure

- 1. The structure should be logical and easily referenced in a rate calculation.
- 2. We recommend that you partition the rate manual into two major sections.
 - i. The first section for self-funded claim determination, used to determine the attachment point.
 - ii. The second section for determining the stop loss rate after the attachment point has been calculated.

H. Sample Rate Calculation

- 1. Include an illustrative rate calculation that demonstrates the use of your rate manual.
 - i. The example should be as comprehensive as possible, sufficiently demonstrating all sections of the rate manual and compliance with RCW 48.19.010(2).
 - a. Begin with the initial information about the policy and end with the total premium charged (See Definitions). Use a tutorial structure, breaking down the rate calculation into steps. The progression from step to step should be clear. Explain each step, referencing the specific section of the rate manual used and any other information needed for completion of the step.

I. Common Causes of Objections

1. Indecisive or ambiguous language in rules, typically using words like “can”, “could” or “may”
2. Results of steps in the rate calculation are a range of possible values
3. Values of rate calculation variable are determined from sources other than the policy and group information
4. Using “deductible” interchangeably with “attachment point” can be confusing since deductible typically means the underlying health plan deductible not the stop loss attachment point
5. Terms or acronyms used in the rate manual that are not well defined
6. Inconsistent use of terms in the rate and form filings
7. Not accurately or specifically referencing the rate manual
8. Not clearly stating the final premium charged as defined in RCW 48.18.170

II. Filings

A. Single Case Filings

1. Include “Single Case” in the product name.
2. Do not resubmit a rate manual in single case filings. A single case rate filing should only be a few pages long. Clearly state the SERFF tracking number of the filed rate manual used for a portion of the rate calculation.
3. Required Contents
 - i. Actuarial memorandum and actuarial certification [RCW 48.19.010(2), WAC 284-58-033, WAC 284-05-040]
 - ii. Rate Calculation [RCW 48.19.010(2)]
 - a. The rate calculation and inputs (group and policy information) in your single case rate filing should follow the same format as the example rate calculation provided in the referenced rate manual, except for portions that deviate from the rate manual. Clearly indicate which parts of the rate calculation differ from the referenced rate manual.
 - iii. Rate Schedule (rates charged) [RCW 48.19.010(2) and RCW 48.18.170]
 - iv. State the group’s total expected claims before stop loss coverage.
 - v. State the policy’s aggregate attachment point per RCW 48.20.015(3).
 - vi. If applicable, state the policy’s individual attachment points per RCW 48.20.015(4).

B. Updating/ Amending Existing Filings

1. Provide the SERFF tracking number of the previous filing that you intend to update.

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- i. If the previous rate filing does not have a SERFF tracking number, you must submit a complete rate manual.
2. Provide an outline of changes. For each change, provide a description of the change, reason for the change, effective rate change, and indicate the documents, pages and sections of the previous filing affected.

C. Excel Files

1. If you submit an Excel file in your filing, you must submit a PDF copy of the Excel file for public record purposes. The PDF copy must:
 - i. Show all of the information in the Excel file, including any hidden worksheets.
 - ii. Include the Excel sheet name in the header of the PDF pages.
 - iii. Include the page numbers in the header or footer of the PDF pages.
2. The names of the Excel and PDF files must be the same except the Excel file should include the word “duplicate”.
3. The Excel file must include all formulas and internal links.

D. Documents and Information

1. Except for the case when an Excel file is included in the filing, submit only a single copy of each document.
2. Information in the filing must be specific to Washington business. Any sections that are not relevant to Washington State must be removed from the filing. If those sections that are not applicable to Washington State cannot be removed from the rate filing, you must explain why, provide a summary of sections that are not applicable, and clearly indicate those sections that do not apply to Washington business at the beginning of each section.

E. Not-for-Public Information

1. Not-for-public information defined by RCW 48.02.120(3) must be submitted in a Not-for-Public rate filing, separate from the for-public rate filing. See the Washington State General Health and Disability Rate Filing Instructions provided on SERFF.
 - i. For Public Rate Filing – Include only information for public inspection (e.g. actuarial memorandum, actuarial certification, base rates)
 - ii. Not-for-Public Rate Filing – Include all information in the corresponding for public rate file and that information declared not-for-public per RCW 48.02.120(3).
2. If you file a not-for-public rate filing, you must provide documentation in the filing which justifies how the information in the filing qualifies as not-for-public information under RCW 48.02.120(3).