

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan
Product Name: NHIC Stop Loss DC Rate
Project Name/Number: NHIC Stop Loss NHICSL2013/NHIC Stop Loss NHICSL2013

Rate Information

Rate data applies to filing.

Filing Method: SERFF
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
National Health Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

State: District of Columbia

Filing Company:

National Health Insurance Company

TOI/Sub-TOI: H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan

Product Name: NHIC Stop Loss DC Rate

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rates	NHICSL2013	New		Aggregate Manual SKMBT_C2241303081 1020.pdf,
2		Rates	NHICSL2013	New		Specific Manual SKMBT_C2241303081 1010.pdf,

HealthMAPS®

2011

Aggregate Stop Loss Manual and Software

January 2011

TOWERS WATSON 

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HealthMAPS®

2011

Specific Stop Loss Manual and Software

January 2011

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I. OVERVIEW OF SPECIFIC STOP LOSS MANUAL

Description of Manual

This manual and its accompanying software allow the user to determine estimated net monthly premium rates for stop loss medical coverage by area and for deductibles ranging from \$5,000 to \$900,000. Unless indicated otherwise, all of the tables presented and calculations illustrated in the printed manual are resident in the software.

Net monthly premium rates are presented separately for three underwriting and renewal situations (or "Types") as described below.

Net Monthly Premium Rates		
Type	Underwriting	Actively at Work
I	New Business	Required
II	New Business or Renewal	Waived
III	Automatic Renewal	Not Applicable

These situations are described in more detail in the Definitions and in the Initial and Renewal Underwriting Practices portions of Section I. For each of these three Types, net monthly premium rates are presented for three plans of stop loss coverage:

- Incurred in Twelve (12) Months, Paid in Twelve (12) Months
- Paid in Twelve (12) Months
- Incurred in Twelve (12) Months, Paid in Fifteen (15) Months

A set of percentage adjustments is also provided for companies that wish to set Type I and Type II rates by utilizing a base set of net monthly premium rates for a single plan of stop loss coverage (such as Type II Paid in Twelve Months) and then set net monthly rates for other plans as a percentage of these base rates. These percentage adjustments are located in the Alternative Calculation Methods for Underwritten Business portion of Section I.

The Type III net monthly premiums in this manual were derived by adjusting a historical claim database. The Type I and Type II net monthly premiums were derived by adjusting the Type III claim costs to reflect Towers Watson's view of the current experience of underwritten stop loss business and the contractual provisions applicable to coverage of employees and dependents who are not actively at work or who are disabled.

The stop-loss net monthly premiums assume a base medical plan with a \$200 calendar year deductible, 80% coverage of the next \$5,000 of expense, and 100% thereafter. The maximum employee out-of-pocket amount is \$1,200. The specific stop loss deductible represents the plan sponsor's liability in excess of the out-of-pocket amount. The stop loss net monthly premium rates cover the reimbursement of eligible expenses in excess of the employee's out-of-pocket expense up to \$1,000,000, less the stop loss deductible. Adjustment tables for other employee out-of-pocket amounts and various stop loss maximums are also provided. The basic specific stop loss rates assume that the medical plan requires pre-admission certification and concurrent review. A surcharge of 10% is added when the underlying base medical plan does not require pre-certification, as discussed in Section II.

The net monthly premium rates are assumed to be appropriate for a year beginning July 1, 2011. A table of adjustments is provided for other effective dates in this section.

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan
Product Name: NHIC Stop Loss DC Rate
Project Name/Number: NHIC Stop Loss NHICSL2013/NHIC Stop Loss NHICSL2013

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	GMAC NHIC filing letter- DC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	Auth ltr for NHIC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Stop_Loss_Actuarial_Memo_NHIC_02-27-2013.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	acknowledged and attached ot the Actuarial Memorandum component
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	acknowledged
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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SERFF Tracking #:

CMPL-128946430

State Tracking #:

Company Tracking #:

NHIC STOP LOSS NHICSL2013

State:

District of Columbia

Filing Company:

National Health Insurance Company

TOI/Sub-TOI:

H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan

Product Name:

NHIC Stop Loss DC Rate

Project Name/Number:

NHIC Stop Loss NHICSL2013/NHIC Stop Loss NHICSL2013

Comments:	acknowledged
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Rate Summary Worksheet
Bypass Reason:	this is not an increase.
Attachment(s):	
Item Status:	
Status Date:	



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March 18, 2013

TO: District of Columbia Department of Insurance

Re: National Health Insurance Company
NAIC: 82538 FEIN: 74-1541799

Employer Stop Loss Forms NHICSL2013, et al

Dear Commissioner:

This filing is being made by Compliance Research Services, LLC on behalf of National Health Insurance Company (referred to in this letter as NHIC). A letter of filing authorization is enclosed.

We are submitting the above referenced employer stop loss forms for your review and approval. The forms are designed to be issued to policyholders in your state who self-fund their employee medical benefits. The coverage provides reimbursement to the employer for self-funded claims that, on an individual basis or in the aggregate, exceed the amounts agreed upon between the employer and HCSC. The coverage does not provide medical benefits to the policyholder's employees or dependents. Premiums are paid by, and benefits are payable to, the policyholder.

Coverage will be marketed through independent agents, brokers and managing general underwriters appointed and approved or contracted with NHIC. Coverage will be offered to large and small employers in your state.

The application will be completed by the employer and will become the schedule of benefits upon acceptance by NHIC. It will be attached to and will become part of the policy. The enclosed endorsements provide a variety of funding options from which the employer may choose.

Your Department has our assurance that no policy will be issued that has an annual attachment point for claims incurred per individual or an annual aggregate attachment point, as established by the state, under applicable state law, if any.

Variable material indicated by hard brackets ([]) that enclose an entire page or paragraphs, phrases or words indicate that text may be included, excluded or modified. No change in the variable areas will be made which will be in conflict with any law, rules or regulations of your state.

The forms are in final format. NHIC requests the right to change the type style and paper size or to issue the forms in electronic format. The forms are new and do not replace any forms currently on file with your Department.

Thank you for your consideration of these forms. Please feel free to contact me at the phone number or email address shown below should you have any questions.

Sincerely,

J. David Simon, CLU
President

Phone: 513-984-6050

Fax: 513-984-7212

Email: dsimon@crssolutionsgroup.com

February 22, 2013


Re: NAIC # 82538 FEIN # 74-1541799
Stop Loss Policies and Related Forms and Rates

To: All Departments of Insurance

National Health Insurance Company hereby authorizes Compliance Research Services, LLC to represent us in the submission of the above-referenced forms and related outline of coverage forms, rates and actuarial documents and to negotiate with insurance departments for their approval.

Sincerely,

National Health Insurance Company

By: 
Mike Weiner
Chief Financial Officer

**National Health Insurance Company
Actuarial Memorandum
Group Stop Loss Policy
Forms NHICSL2013, et al.**

Item 1. Scope & Purpose

This is a new product filing. The purpose of this memorandum is to describe the Stop Loss Insurance policy and its rating practices for effective dates beginning upon regulatory approval. The rate filing is not intended to be used for other purposes.

Item 2. Benefit Description

The Policy provides excess claim protection above a specific per person retention level chosen by employer groups who elect to self-fund their employee health benefit plans. It also includes aggregate coverage above a set percent or expected claims. Available coverage limits include those available under PPACA. This product is available for employers with 10 or more employees with a target market of employer groups of 100 or more employees. Specific deductibles of less than \$5,000 per member and aggregate attachment points less than 110% of expected claims will not be offered.

Item 3. Renewability

Coverage is Optionally Renewable pursuant to the terms of the policy. The policy can be terminated by the group policyholder by written notice, nonpayment of premium, failure to meet minimum group requirements, and by other terms outlined in the policy.

Item 4. Applicability

This filing applies to all new issues and to renewal business (when renewals become applicable).

Item 5. Morbidity

The rates will be based on the Tower Watson Rate manuals for specific and aggregate products. We have been informed that this rate manual was approved in your state. Due to our licensing restrictions, we have only included the cover page of the manual. We have modified the manual to include the following age factors.

EE	Under \$25K		\$25k-\$99,999		\$100k+		Aggregate	
	Male	Female	Male	Female	Male	Female	Male	Female
<30	0.34	0.42	0.38	0.34	0.44	0.33	0.40	0.80
30-34	0.40	0.53	0.40	0.36	0.42	0.31	0.65	1.05
35-39	0.51	0.67	0.54	0.50	0.52	0.44	0.70	1.05
40-44	0.69	0.82	0.73	0.73	0.66	0.62	1.00	1.25
45-49	1.08	1.08	1.12	1.04	1.03	1.00	1.20	1.35
50-54	1.44	1.44	1.55	1.38	1.53	1.13	1.50	1.70
55-59	2.20	1.74	2.43	1.73	2.37	1.55	1.95	1.80
60-64	2.80	2.14	2.94	2.20	2.95	2.32	2.65	2.20
65-69	3.44	2.57	3.50	2.72	3.56	3.12	2.95	2.45
70+	4.04	2.96	4.01	3.19	4.13	3.89	3.55	2.80
Medicare	0.75	0.75	0.65	0.65	0.55	0.55	1.00	1.00

DEP	Under \$25K		\$25k-\$99,999		\$100k+		Aggregate	
	Male	Female	Male	Female	Male	Female	Male	Female
<30	0.75	0.55	0.83	0.63	0.88	0.68	0.80	0.50
30-34	0.82	0.57	0.81	0.61	0.86	0.66	1.15	0.75
35-39	0.88	0.67	0.83	0.67	0.88	0.68	1.10	0.75
40-44	0.86	0.65	0.81	0.65	0.78	0.66	1.20	0.90
45-49	0.92	0.75	0.87	0.75	0.76	0.68	1.10	0.90
50-54	1.06	0.90	0.93	0.89	0.74	0.74	1.20	1.00
55-59	1.21	1.33	1.08	1.32	0.88	1.07	1.20	1.10
60-64	1.44	1.68	1.30	1.63	1.09	1.49	1.45	1.65
65-69	1.83	2.45	1.69	2.18	1.59	1.82	1.45	1.65
70+	2.14	2.88	2.00	2.49	2.00	2.12	1.65	1.85
Medicare	0.50	0.50	0.45	0.45	0.35	0.35	0.60	0.60

The Manual Claims Costs in the Rate Manual will be used when prior experience is not available. When prior experience is available to the Company, Manual Claim Costs may be adjusted on a prospective rating basis to anticipate future experience and achieve the desired loss ratio. When overall experience produces a loss ratio that is at variance with the anticipated loss ratio, the Manual Claims Costs in the Rate Manual may be adjusted on a prospective rating basis to produce experience approximating the anticipated loss ratio.

Item 6. Mortality

Not applicable.

Item 7. Persistency

It is that expected 80% of stop loss contracts will renew each year.

Item 8. Expenses and Commissions

Expense and margin provisions will vary by the size of the group as shown below. On average the percent of premium breakdown is as follows:

Claims	50.0%
Commissions	28.5%
Administrative Expense	12.0%
Premium Tax	2.5%
Profits and Contingencies	7.0%
Total	50.0%

Number of Employees	Expense & Commissions	Distribution of Business
Under 50	56%	0.500
50-99	50%	0.300
100-199	40%	0.100
200	30%	0.060
1000	22%	0.030
5000	12%	0.010
ALL	50%	1.000

Item 9. Marketing

This plan will be marketed to employer groups in most states and will be distributed by independent agents, brokers, and Managing General Underwriting (MGU) entities that are appointed and approved or contracted with the Company.

Item 10. Underwriting

Standard industry accepted underwriting methodologies will be utilized by the Company. Premium rates will be calculated by manually rating an employer group based on the group specific demographics, characteristics, and historical and ongoing claims analysis, or by experience rating a group based on prior claims history. Underwriting for aggregate stop loss consists of evaluating a group's claim history and adjusting for benefit plan changes, trend impacts, PPO networks, and any other factors that may influence the expected future claims rate. The attachment point for a typical aggregate stop loss plan is 125% of expected claims for the self-funded group for the policy period.

Item 11. Premium Classes

Premiums for an employer group will vary by specific retention, geographical location, plan of benefits, age/gender composition of the group, liability basis, type of industry, coinsurance percentage, duration of policy period, claim and disclosure information, PPO networks and managed care capabilities, and various other factors. Premiums will be paid monthly based on the enrollment of the group.

Item 12. Issue Age Limits

Age range includes all employees and retirees covered by the plan and their covered dependents.

Item 13. Area Factors

Premiums will be adjusted for the area or areas in which the group's employees reside. A listing of area factors can be found in the accompanying confidential rating manual.

Item 14. Average Annual Premium

The average annual premium for each certificate is \$850. The average premium per certificate for any one group may vary greatly from group to group depending on a number of factors, including the specific stop loss level. A range of average premiums is \$250 to \$1,250.

Item 15. Number of Policyholders

The Company has no policyholders at the present time as this is the initial filing for the policy.

Item 16. Policyholder Characteristics

The Company anticipates that the average specific deductible, average number of employees per employer, and percent of policyholders with aggregate coverage will be as follows:

Nationwide:

Average Specific Deductible = \$125,000

Average Number of Employees per Employer = 200

Percent of Employer Groups with Aggregate Coverage = 10%

Item 17. Annual Trend Assumptions

The annual trend assumptions used in the rating of this product are estimated inflationary adjustments that are needed to account for provider price increases, utilization changes, advances in medical technologies, and other impacts on medical costs. A large component of the annual trend factors is the leveraging effect that is inherent with high deductible products. The trend assumptions are found in the Rate Manual.

Item 18. Claim Liability and Reserves

Reserves for claims incurred but not yet paid will be developed through the use of standard actuarial claim lag triangle information as well as claim inventory reports and large claim notice reports.

Item 19. Active Life Reserves

Not applicable.

Item 20. Minimum Required Loss Ratio

The anticipated minimum required loss ratio for this policy is anticipated to be 50.0%.

Item 21. Distribution of Business

The anticipated distribution of business once a critical mass has been obtained is based on premium volume and is displayed below

Effective Month	Percent of Premium
January	40%
February	4%
March	4%
April	4%
May	4%
June	4%
July	20%
August	4%
September	4%
October	4%
November	4%
December	4%
Total Distribution	100%

Item 22. Contingency and Risk Margin

The expected margin for profit and contingencies is 7% of gross premium.

Item 23. Proposed Effective Date

These rates are to be effective coincident with approval from the Department of Insurance.

Item 24. Actuarial Certification

I, Alan Y. Weiner, am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify to the best of my knowledge and judgment, this Actuarial Memorandum and the entire rate filing is in compliance with the applicable laws of the State and

with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8 “Regulatory Filings for Rates and Financial Projections for Health Plans,” as adopted by the Actuarial Standards Board, and that the benefits provided are reasonable in relation to the proposed premiums based on the standards described above.



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