



**STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004**

**Circular Letter No. 10 (1999)
June 11, 1999**

TO: ALL ARTICLE 43 CORPORATIONS AND PUBLIC HEALTH LAW ARTICLE 44 HEALTH MAINTENANCE ORGANIZATIONS (herein referred to as "plans")

RE: PROCEDURAL RESPONSIBILITIES OF PLANS SUBMITTING PRIOR APPROVAL RATE APPLICATIONS PURSUANT TO SECTION 4308(c)

Pursuant to Section 4308(c), the Superintendent must approve community rates for health contracts and riders when the alternative "file and use" provisions are not elected by the plan or where a requested increase or decrease of the rate is in excess of the prescribed annual limitation, if any. While the Department recognizes its responsibility to promptly review rate adjustment applications, plans must also recognize their responsibility to file complete and accurate rate adjustment applications. Unfortunately, the Department regularly receives from plans applications that are incomplete and inaccurate. These inadequate and defective applications account for serious delays and inefficient use of the Department's resources which could be better used to review and respond to properly filed and prepared applications.

The Department will no longer use its limited resources to correct prior approval rate adjustment applications that are received in poor condition. It is the responsibility of each plan to ensure that personnel assigned to compiling and submitting a prior approval rate adjustment application are familiar with the contents of this Circular Letter, Circular Letter No. 8 (1988) and the instructions for completing prior approval rate adjustment applications, which can be found on the Department's website. Applications containing one or more defects will be denied further action and returned to the plan.

Plans are reminded that all applications, including all re-submissions of a revised application, must be made at least 90 days in advance of the effective date of the rate adjustment. Plans are directed to provide complete written responses within 15 calendar days to all Department comment letters.

In order to improve the quality of the submissions received under Section 4308(c), the Department has compiled a list containing several serious errors that have appeared consistently in rate applications and must be corrected before a public hearing can be scheduled. Plans are directed to review this listing and the Department's rate adjustment application instructions prior to submitting their application to the Department to assure that such errors are not contained in their application. If the Department's review indicates that the application is incomplete or inaccurate and contains one or more of the following defects, the Department will return the application and close its file on this rate adjustment application.

1. Failure of columns to add and formulas to multiply accurately.
2. Failure of diskettes to be properly labeled and in good readable condition.
3. Failure to include only those contracts and riders that had previously approved rates.

4. Failure to include a signed jurat with the application.
5. Failure to submit the application with all exhibits and narrative information included.
6. Failure to submit the application at least 90 days in advance of the requested effective date.
7. Failure to submit a request for waiver of a preliminary hearing at least 120 days in advance of the requested effective date.
8. Failure to accurately report currently approved rates in the application.
9. Failure to submit a complete written response to this Department's written correspondence within 15 calendar days.
10. Inappropriate inclusion of experience rated contracts in the application.

Please direct all inquiries concerning this Circular Letter to Mary Lee Kreuter, Assistant Chief Examiner, Health Bureau, by calling 212-480-5240 or via e-mail to mkreuter@ins.state.ny.us.

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