

# Qualified Health Plan Issuer Application Instructions

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2021

**Extracted section:  
Section 3B: Business Rules**

[06/2020]

Version 1.1

## PY2021 QHP Instructions: Version 1.1 Revisions

- Updated to clarify requirements for SERFF-submitting issuers, dual issuers submitting through SERFF binders, and multiple binder requirements.
- Language clarification for “What is the maximum number of rated underage dependents on this policy?”

## Section 3B: Business Rules

### 1. Introduction

In the Business Rules section, issuers answer a series of questions that are used to calculate rates and determine if an enrollment group is eligible for coverage under a plan. These instructions apply to QHP and SADP issuers.

### 2. Data Requirements

To complete this section, issuers will need the following:

1. HIOS Issuer ID
2. Plan IDs.

### 3. Quick Reference

#### Key Changes for 2021

- ◆ New field added for “Medical, Dental, or Both?” Issuers indicate whether they are entering rating business rules for medical plans only, dental plans only, or both medical and dental plans.
- ◆ New field added for “Medical or Dental Rule?” Issuers may enter different allowed values for template fields based on whether a rule is Medical or Dental.
- ◆ New field added for “What is the maximum number of rated underage dependents on this policy?”
- ◆ Following fields are removed from the template: TIN; How are rates for contracts covering two or more enrollees calculated?; What are the maximum number of under age (under 21) dependents used to quote a two parent family?; What are the maximum number of under age (under 21) dependents used to quote a single parent family?; What are the maximum number of children used to quote a children-only contract?; Are domestic partners treated the same as secondary subscribers?; and Are same-sex partners treated the same as secondary subscribers?
- ◆ Following dependent relationship options are removed from the template: Father or Mother; Grandfather or Grandmother; Uncle or Aunt; Cousin; Adopted Child; Son-in-Law or Daughter-in-Law; Brother-in-Law or Sister-in-Law; Father-in-Law or Mother-in-Law; Stepparent; Dependent of a Minor Dependent; Guardian; Court Appointed Guardian; Annuitant; and Trustee.

#### Tips for the Business Rules Section

- ◆ Enter values for HIOS Issuer ID and “Medical, Dental, or Both?” before entering data for the rest of the template fields, which are locked until “Medical, Dental, or Both?” is populated.
- ◆ For a SERFF-submitting dual issuer who is submitting multiple Business Rules Templates through multiple SERFF binders, a value of “Both” must be entered for all submitted templates.
- ◆ An Issuer ID must enter all rating business rules associated with all Plan IDs that are being submitted for QHP certification into one Business Rules Template. This includes all rules associated with QHPs, on-exchange SADPs, off-exchange SADPs, individual market plans, and SHOP market plans.
- ◆ For SERFF-submitting issuers submitting multiple Business Rules Templates through multiple SERFF binders, the issuer must submit an identical template containing all rules in all submitted SERFF binders.
- ◆ The first row of rules (Row 10) is the base set of issuer business rules, which must have blank values for the product ID and plan ID and must have data entered for all subsequent columns. This row applies to all products and plans associated with the HIOS Issuer ID, including individual, SHOP, QHP, and SADP products and plans. Products or plans with rules that differ from the base set of issuer business rules are defined at the product or plan level in the subsequent rows.

### 4. Detailed Section Instructions

*Note for Issuers submitting via System for Electronic Rate and Form Filing (SERFF):* CMS is requiring SERFF-submitting issuers to enter all rating business rules associated with all Plan IDs that are being submitted for QHP certification into one Business Rules Template. This includes all rules associated with QHPs, on-exchange SADPs, off-exchange SADPs, individual market plans, and SHOP market plans. For SERFF-submitting issuers submitting multiple Business Rules Templates through multiple SERFF binders, the issuer must submit an

identical template containing all their rules in all submitted SERFF binders. This requirement prevents an issuer's submitted rules from being overwritten at the issuer, product, and plan levels. An issuer's business rules may be overwritten when one version of the template from one SERFF binder is completely or partially erased by rules received in a different version of the template from a different SERFF binder.

For dual issuers submitting the Business Rules Template to CMS through multiple SERFF binders, the field of "Medical, Dental, or Both?" must be set to a value of "Both" in all submitted Business Rules Templates. For example, dual issuers may not enter a value of "Medical" for this field in one template version, and "Dental" for this field in another template version.

Business Rules Template	Steps
HIOS Issuer ID	Enter the five-digit HIOS Issuer ID.
Medical, Dental, or Both?	<p>Select one of the following options from the drop-down menu:</p> <ul style="list-style-type: none"> <li>◆ <b>Medical</b>—if entering rating business rules for medical plans only.</li> <li>◆ <b>Dental</b>—if entering rating business rules for dental plans only.</li> <li>◆ <b>Both</b>—if entering rating business rules for medical and dental plans within the template.</li> </ul> <p>Issuers must enter a value for this field before proceeding to enter data for other template fields, which are locked until a value for "Medical, Dental, or Both?" is entered.</p> <p><i>Note:</i> For dual issuers submitting the Business Rules Template to CMS through multiple SERFF binders, the field of "Medical, Dental, or Both?" must be set to a value of "Both" in all submitted Business Rules Templates. For example, dual issuers may not enter a value of "Medical" for this field in one template version, and "Dental" for this field in another template version.</p>
Product ID	<p>For products with rules that differ from those entered in Row 10, enter the 10-character (xxxxxAAxxx) HIOS-generated Product ID number that identifies the product that will be associated with the rules defined in that row.</p> <ul style="list-style-type: none"> <li>◆ If a product ID is entered, the rules defined in that row will be applied to all plans associated with that product ID. All other products will use the rules associated with either the HIOS Issuer ID in Row 10 or a different product ID rule.</li> <li>◆ If no product ID is entered, the rules associated with the HIOS Issuer ID in Row 10 will be used for all products.</li> </ul>
Plan ID	<p>Enter the 14-character alphanumeric HIOS-generated Plan ID (xxxxxAAxxxxxxx) that identifies the plan that will be associated with the rules in that row.</p> <ul style="list-style-type: none"> <li>◆ If a plan ID is entered, the rules defined in that row will be applied to that plan ID only. All other products and plans will use the rules associated with the HIOS Issuer ID rule, product ID rule, or a different plan ID rule.</li> <li>◆ If no plan ID is entered, then the rules for the product ID associated with that plan ID will be used. If no product ID rules were entered, the rules associated with the HIOS Issuer ID in Row 10 will be used for all products and plans.</li> </ul>
Medical or Dental Rule?	<p>Select whether the business rule in the template row applies to medical or dental plans. The drop-down options are:</p> <ul style="list-style-type: none"> <li>◆ <b>Medical</b></li> <li>◆ <b>Dental.</b></li> </ul> <p>The allowed value for this field depends on the value that an issuer entered for "Medical, Dental, or Both?":</p> <ul style="list-style-type: none"> <li>◆ If Medical, the issuer-level row (Row 10) for "Medical or Dental Rule?" defaults to Medical. Issuers may only enter Medical for any subsequent rule.</li> <li>◆ If Dental, the issuer-level row for "Medical or Dental Rule?" defaults to Dental. Issuers may only enter Dental for any subsequent rule.</li> <li>◆ If Both, the issuer-level row for "Medical or Dental Rule?" defaults to Medical. Issuers may enter Medical or Dental for any subsequent rule, and must have a default issuer-level medical rule and at least one dental product-level or plan-level business rule within the template for the template to validate.</li> </ul>

Business Rules Template	Steps
<p>What is the maximum number of rated underage dependents on this policy?</p>	<p>Select the maximum number of rated underage dependents from the drop-down menu. A rated underage dependent is defined as age 0–20 and is limited to the child dependent relationships of Child, Brother and Sister, Foster Child, and Stepson or Stepdaughter. A QHP cannot rate more than the three oldest covered children in determining the total family premium.<sup>16</sup> This rule does not apply to SADPs.</p> <p>If the value for “Medical or Dental Rule” is Medical, then the allowed options are:</p> <ul style="list-style-type: none"> <li>◆ 1</li> <li>◆ 2</li> <li>◆ 3.</li> </ul> <p>If the value for “Medical or Dental Rule” is Dental, then the allowed options are:</p> <ul style="list-style-type: none"> <li>◆ 1</li> <li>◆ 2</li> <li>◆ 3</li> <li>◆ <b>Not Applicable.</b></li> </ul> <p><i>Note:</i> The option of “Not Applicable” means that a dental plan associated with the business rule has no maximum number of rated underage dependents on a policy. This option is not available to medical plans.</p>
<p>Is there a maximum age for a dependent?</p>	<p>Set the maximum age for a dependent for purposes of eligibility. The maximum age for a dependent applies only to the dependent relationships of Child, Brother or Sister, Foster Child, and Stepson or Stepdaughter. Choose from the following options:</p> <ul style="list-style-type: none"> <li>◆ <b>Yes</b>—if selected, a pop-up will appear allowing the issuer to enter the maximum age for a dependent. QHP issuers must enter a minimum value of 25 for a Medical business rule. SADP issuers must enter a minimum value of 18 for a Dental business rule. Please note that the age entered is inclusive <i>through</i> that age. For example, a value of 25 is through age 25, up to age 26.</li> <li>◆ <b>Not Applicable</b>—if selected, then there is no maximum age and the dependent is allowed to enroll regardless of age as long as he or she meets the other eligibility rules.</li> <li>◆ Market rules require QHP issuers that cover child dependents to make such coverage available for children until attainment of age 26.<sup>17</sup></li> </ul> <p><i>Note:</i> Dental plans are not subject to the minimum dependent age of 25 and may have a dependent age as low as 18.</p>
<p>How is age determined for rating and eligibility purposes?</p>	<p>Select how age is defined to determine if a consumer is eligible for a plan rate. Choose from the following options:</p> <ul style="list-style-type: none"> <li>◆ <b>Age on effective date</b>—return the rate based on the consumer’s age on the effective date.</li> <li>◆ <b>Age on January 1 of the effective date year</b>—return the rate based on the consumer’s age on January 1 of the effective date.</li> <li>◆ <b>Age on insurance date (age on birthday nearest the effective date)</b>—return the rate based on the consumer’s age closest to the effective date of the plan.</li> <li>◆ <b>Age on January 1 or July 1</b>—return the rate based on the following: <ul style="list-style-type: none"> <li>If the date of enrollment is before July 1, then use the age as of January 1.</li> <li>If the date of enrollment is after July 1, then use the age as of July 1.</li> </ul> </li> </ul> <p><i>Note:</i> Market rules require QHP plans to select the first option, “Age on Effective Date,” whereas dental plans may choose from any of the four options above.<sup>18</sup></p>

<sup>16</sup> 45 CFR 147.102(c)(1).

<sup>17</sup> 45 Code of Federal Regulations (CFR) 147.120.

<sup>18</sup> 45 CFR 147.102(a)(l)(iii).

Business Rules Template	Steps
How is tobacco status returned for subscribers and dependents?	<p>Select how to determine if the tobacco rate is returned when calculating rates. Choose from the following options:</p> <ul style="list-style-type: none"> <li>◆ <b>Applicable [x] months</b>—if selected, a pop-up will appear asking for the number of months used to determine tobacco use. Market rules require QHP issuers to enter a tobacco look-back period of no more than 6 months. Dental issuers are not subject to the look-back period.<sup>19</sup> Rates will be tobacco or non-tobacco depending only on whether an enrollee indicates that he or she was an active tobacco user within the last [x] months (tobacco rate) or not an active tobacco user within the last [x] months (non-tobacco rate). In addition, if the enrollee indicates that he or she will complete a tobacco cessation program offered by the plan, the non-tobacco rate will be used.</li> <li>◆ <b>Not Applicable</b>—if selected, then there are no separate tobacco and non-tobacco use rates.</li> <li>◆ If rates are calculated by adding up individual rates, then the sum will be a combination of tobacco rates for individuals who qualify for the tobacco rate and the non-tobacco rate for individuals who qualify for the non-tobacco rate.</li> </ul> <p>For states that (1) do not permit rating for age or tobacco use and (2) establish uniform family tiers and corresponding multipliers, there are no separate tobacco rates for each family tier.</p>
What relationships between primary and dependent are allowed, and is the dependent required to live in the same household as the primary subscriber?	<ul style="list-style-type: none"> <li>◆ Select from the pop-up list the relationships that are allowed to be included when returning rates and if the dependent must live in the same household to be eligible to return a rate. All selected relationships will be accepted regardless of the sex of either the primary subscriber or dependent. The list options are: <ul style="list-style-type: none"> <li>▪ Self (by default, selected)</li> <li>▪ Spouse</li> <li>▪ Child</li> <li>▪ Stepson or Stepdaughter</li> <li>▪ Grandson or Granddaughter</li> <li>▪ Brother or Sister</li> <li>▪ Life Partner</li> <li>▪ Nephew or Niece</li> <li>▪ Collateral Dependent</li> <li>▪ Ex-Spouse</li> <li>▪ Foster Child</li> <li>▪ Ward</li> <li>▪ Sponsored Dependent</li> <li>▪ Other Relationship</li> <li>▪ Other Relative.</li> </ul> </li> <li>◆ For each relationship selected, select <b>Yes</b> or <b>No</b> if the dependent is required to live in the same household: <ul style="list-style-type: none"> <li>▪ <b>Yes</b>—the dependent must live in the same household to be eligible to be on the same plan and included in the rate calculation when the relationship is allowed.</li> <li>▪ <b>No</b>—the dependent may live in or outside the same household to be eligible to be on the same plan and included in the rate calculation when the relationship is allowed.</li> <li>▪ Market rules require QHP issuers that cover child dependents to make such coverage available for children until attainment of age 26, regardless of support, residency, or dependency factors.</li> <li>▪ QHP products and plans that cover children must select a value of <b>No</b> for whether the child dependent is required to live in the same household. This requirement applies for all child dependent relationships, including Child, Foster Child, and Stepson or Stepdaughter.</li> </ul> </li> </ul>

<sup>19</sup> 45 CFR 147.102(a)(1)(iv).

Business Rules Template	Steps
	<ul style="list-style-type: none"> <li>Select the relationship “Life Partner” to cover all unmarried partnership relationships, such as life partnerships and domestic partnerships. Please note that relationships are not differentiated by sex. If a plan covers spouses and life partners, same-sex and opposite-sex spouses and life partners are covered.</li> </ul> <p><i>Note:</i> To cover a dependent relationship that is functionally equivalent to the removed relationship of “Adopted Child,” select “Child.” To cover a relationship that is functionally equivalent to the removed dependent relationship of “Dependent of a Minor Dependent,” select “Grandson or Granddaughter.”</p>

A sample completed Business Rules Template is shown in **Figure 3B-1**.

**Figure 3B-1. Sample Business Rules Template**

2021 Business Rules Template v10.1		<i>All fields with an asterisk ( * ) are required. To validate the template, press Validate button or Ctrl + Shift + I. To finalize the template, press Finalize button or Ctrl + Shift + F.</i>						
Validate		<i>Enter the Issuer Rule on the first row (no Product ID or Plan ID).</i>						
Finalize		<i>For each Product rule, enter only the Product ID and the business rules that differ from the Issuer Rule.</i>						
		<i>For each Plan rule, enter only the Plan ID and the business rules that differ from the Product or Issuer Rule.</i>						
		<i>Issuer level rule will apply only to plan type indicated in cell C10.</i>						
HIOS Issuer ID*	12345							
Medical, Dental, or Both?*	Both							
Product ID	Plan ID (Standard Component)	Medical or Dental Rule?*	What is the maximum number of rated underage dependents on this policy?*	Is there a maximum age for a dependent?*	How is age determined for rating and eligibility purposes?*	How is tobacco status determined for subscribers and dependents?*	What relationships between primary and dependent are allowed, and is the dependent required to live in the same household as the primary subscriber?*	
12345AA111		Medical	3	25	Age on effective date	6	Self, Yes; Spouse, Yes; Child, No	
		Dental	Not Applicable	18	Age on effective date	Not Applicable	Self, Yes; Spouse, Yes; Child, No	

Once the Business Rules Template is completed, issuers must validate, finalize, and upload it into HIOS.

Template Validation	Steps
Validate Template	Click the <b>Validate</b> button in the top left of the template. The validation process identifies any data issues that need to be resolved. If no errors are identified, finalize the template.
Validation Report	If the template has any errors, a Validation Report will appear in a pop-up box showing the data element and cell location of each error. Correct any identified errors and click <b>Validate</b> again. Continue this process until all errors are resolved.
Finalize Template	Click the <b>Finalize</b> button in the template. The Finalize function creates the .XML file of the template that will need to be uploaded in the Business Rules section of the Rating Module in the QHP Application System.
Save Template	<b>Save</b> the XML Template. CMS recommends saving the validated template as a standard Excel .XLSM file in the same folder as the finalized .XML file.
Upload Template	Upload the saved file in the Business Rules section of the Rating Module in the QHP Application System. Refer to the Rating Module User Guide for details on how to complete this.