

Department of Health & Human Services

Centers for Medicare & Medicaid Services  
Center for Consumer Information & Insurance Oversight  
200 Independence Avenue SW  
Washington, DC 20201



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**Date: July 6, 2017**

**Subject: QHP Rate Outlier Analysis for Plan Year 2018 and Beyond**

**Q: Will CMS continue to conduct the Rate Outlier Analysis during Qualified Health Plan certification for Plan Year 2018 and beyond?**

A: No. Beginning in Plan Year 2018, CMS will defer to states with Effective Rate Review Programs to evaluate rate outliers, and eliminate the CMS rate outlier analysis in order to reduce duplicative state and federal activities.

Regulations at 45 C.F.R. 155.1020 require the Exchange to consider all rate increases when certifying plans as QHPs. For Plan Years 2014 through 2017, CMS conducted a rate outlier analysis on Federally Facilitated Exchange QHP rates to identify rates that were relatively low compared to other QHP rates in the same rating area. CMS considered issuers' data and actuarial justifications provided in the Unified Rate Review Template (URRT), other information submitted as part of a filing under an Effective Rate Review Program, and any recommendations provided to CMS by the applicable state regulator about patterns or practices of excessive or unjustified rate increases as part of this review. We notified the state regulatory authority of any identified outliers based on the review of the above information.

However, states with Effective Rate Review Programs conduct rate reviews as a matter of state law and many state rate reviews include outlier analysis similar to the analysis CMS performed in past years. In order to avoid duplicative state and federal activities, beginning in Plan Year 2018 CMS will rely on states with Effective Rate Review Programs to identify rate outliers.