March 11, 2021

Jeffrey D. Grant
Acting Director
Center for Consumer Information and Insurance Oversight (CCIIO)
200 Independence Avenue SW
Washington, DC 20201

Dear Mr. Grant:

In response your February 8, 2021, letter seeking input from the National Association of Insurance Commissioners (NAIC) on the definition of “geographic regions” for regulations implementing the No Surprises Act, we provide the following recommendations:

1) The geographic regions for a state are defined as the corresponding Individual and Small Group Market Geographic Rating Areas (geographic rating areas) provided for by the Market Rules and Rate Review Final Rule (45 CFR Part 147).

   Our reasoning for recommending the use of the corresponding geographic rating areas is as follows:

   - While the geographic rating areas are not used in the large group and self-funded market for pricing, they are widely known and well defined. There is significant overlap between the carriers that offer coverage in the small group and in the large group and self-funded markets, so most carriers are familiar with them even if they do not use them for all product pricing.

   - The geograph(milia)6icheoaagcas t houfd ony fd ongca gnierences in the cost of delivery, which ca
der practice pattern differences. Geographic rating factors may
lity by region. Most states recognized that because of these
establish geographic rating areas that at least somewhat
es in provider costs. Most of these differences are captured in
ban vs rural, and combinations of the geographic rating areas
way. There is some expectation that two hospitals within the
request similar reimbursement for a service, but that a rural
mbursement compared to a metropolitan hospital.

areas for each state are the Metropolitan Statistical Areas (MSAs)
that is not included in an MSA. States that have provided actuarial
ent approach must have demonstrated how they will reflect
care unit costs by rating area, lead to stability in rates over time,
urance issuers in a market, are based on one or more geographic
and are not unfairly discriminatory. The number of geographic
mber of MSAs in a state +1, although a state could request more

rating areas with actuarial justification. This generally works out to one geographic rating area for each major metropolitan area in the state, plus one for the combined rural areas in the state. Most states opted to use counties rather than MSAs, but most still grouped the counties around the metropolitan areas and then combined the rural areas into one area.

2) However, if a state has defined geographic regions within any surprise billing laws or regulations, the state may use these defined regions for the purpose of defining “geographic regions” as it relates to the No Surprises Act.

3) Also, a state may request approval from t
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