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Acting Director

BULLETIN NO. 94-2

DATE: September 27, 1994

TO: All Small Group Health Insurance Carriers

FROM: James M. Alcorn
Acting Director

SUBJECT: Small Employer Health Insurance Availability Act
Chapter 47, Title 41, Idaho Code
Rating and Rate Quoting Requirements

It has come to the attention of this Department that all Small Employer Health Insurance Carriers may not be in compliance with rating and quoting requirements for Small Employer Health Insurance products based upon the requirements of the Act and the temporary Rule.

Creating Rates

Case characteristics are to be applied without regard to consideration of risk characteristics of the small employer (health status, claims experience, duration of coverage, or any similar characteristics related to the health status or claims experience of a small employer group) (Idaho Temporary Rule 036, 07). Within each class of business, differences among base premium rates for health benefit plans (Preferred, Standard, or Basic) will be based solely on differences in benefits and not on the risk characteristics of the small employer. Carriers may not automatically add an antiselection load to Basic or Standard, unless the same load is added to all "preferred" or "street" products (Idaho Code, Section 41-4706(1)(g)(i)).

Rate Quoting

Carriers must be able to provide a quote for a Basic or Standard plan with or without going through the application process and must use the same criteria in quoting all products within the same class of business (Idaho Temporary Rule 036, 09 & 10). It will be considered an unfair market practice if carriers quote their "best rate" only for "preferred" or "street" products and not for Basic and Standard prior to going through the application process. If the carrier has reviewed medical information, they may quote the actual price. Any deviation from this quoting process could be considered an unfair Standard for Marketing under the Unfair Trade Practices Act, Idaho Code, Section 41-1302(Idaho Code, Section 41-4716(9)).

Rate Manuals & Compliance

Small Employer Health Insurance Carriers are required to make an annual actuarial certification on or before March 15 each year to the Insurance Department. Carriers must maintain supporting documentation for purposes of verifying compliance, including your rate manuals and all updates to your rate manuals. Such documentation will need to be readily available to the Department of Insurance upon request. Base premium rates and new business premium rates shall be computed solely from the applicable rate manual for the appropriate class of business (Idaho Code, Section 41-4706(5)(a)(b)(c) and Idaho Temporary Rule 036).