

State of Idaho – Small Employer Health Insurance Availability Act Required Content of Rate Manual for Small Employer Health Benefit Plans

All new rate filings and rate revision filings must include a copy of the rate manual developed pursuant to Subsection 036.01 of IDAPA 18.01.69. The rate manual must:

- Classes of business: Include supporting documentation for established classes of business as specified under Subsection 021.01 of IDAPA 18.01.69. A separate rate manual must be developed for each class of business.
- Specify the rating period for which the rate manual applies.
- Specify all case characteristics used in establishing premium rates and the corresponding rate factor tables applicable for each case characteristic. Allowed case characteristics are age, individual tobacco use, geography and gender, as specified in Section 41-4706(1)(h), Idaho Code.
- Specify all risk characteristics considered and the criteria and factors applied in determining risk loads used to reflect the risk characteristics of a small employer group or any member of a small employer group, subject to the provisions of Section 41-4706, Idaho Code. Risk characteristics may include health status, claims experience, duration of coverage, family composition, group size, industry, or any similar characteristic related to the health status or claims experience.
- Show the complete formula used to develop premium rates in a two (2) step process (see Subsection 036.09 of IDAPA 18.01.69):
- Step 1: Show formula development of the base premium rate with regard to all case characteristics and without regard to any risk characteristics.
- Step 2: Show the risk load adjustment of the Step 1 result to reflect the risk characteristics of the group.
- Show illustrative examples of small employer rates calculated using the two-step process.
- Describe the method of allocating administrative expenses to the health benefit plans in the class of business for which the manual was developed.
- List all changes to the rate manual from the previous rating period. Specify which of the changes, if any, meet the criteria for a change in rating method under Subsection 036.04 of IDAPA 18.01.69 and must be filed and approved as required under Subsection 036.02 of IDAPA 18.01.69. For any such changes, provide the information required for review of modification of rating method as specified under Subsection 036.03 of IDAPA 18.01.69.

As a requirement for Idaho to be an Effective Rate State, the following information must be included in all rate manuals:

- Medical trend changes by major service categories;
- Utilization changes by major service categories;
- Cost-sharing changes by major service categories;
- Benefit changes;
- Changes in enrollee risk profile;
- Impact of any overestimate or underestimate of medical trend for prior year periods related to the rate increase;
- Reserve needs; Revised 8/18/2011
- Administrative costs related to programs that improve health care quality;
- Changes in other administrative costs;
- Medical loss ratio;
- Issuer's risk-based capital status relative to national standards.

Reminders:

- In SERFF, there is a required consent form that must be attached to all rate filings for health benefit plans.
- A separate rate manual must be developed for each established class of business subject to the Small Employer Health Insurance Availability Act.
- Must file for prior approval before using any case characteristic other than age, individual tobacco use, geography, and gender. Such a filing must meet the requirements for adjustment of rating method under Subsection 036.02 of IDAPA 18.01.69.
- Base premium rate differentials for health benefit plans must be based solely on reasonable and objective differences in the design of benefits and not based in any way on the actual or expected health status or claims experience of the small employers groups that choose or are expected to choose a particular health benefit plan.