

304.17A-764 Determination of premiums -- Restrictions in calculation.

- (1) Notwithstanding any other provision of this chapter, the amount or rate of premiums for an insurance purchasing outlet health benefit plan may be determined, subject to the restrictions of subsection (2) of this section, based upon the experience or projected experience of the insurance purchasing outlets whose members obtain coverage under the plan. The index rate for the insurance purchasing outlet shall be calculated solely with respect to that insurance purchasing outlet and shall not be tied to, linked to, or otherwise adversely affected by any other index rate used by the participating insurer.
- (2) The following restrictions shall be applied in calculating the permissible amount or rate of premiums for an insurance purchasing outlet health benefit plan:
 - (a) The premium rates charged during a rating period to members of the insurance purchasing outlet with similar characteristics for the same or similar coverage, or the premium rates that could be charged to a member of the insurance purchasing outlet under the rating system for that class of business, shall not vary from its own index rate by more than twenty-five percent (25%), except that the premium rates charged to an insurance purchasing outlet member shall not vary from the index rate by more than fifty percent (50%) through December 31, 2002. However, upon any policy issuance or renewal, on or after January 1, 2003, the maximum variation shall revert to twenty-five percent (25%) of the index rate.
 - (b) The percentage increase in the premium rate charged to a member of an insurance purchasing outlet for a new rating period shall not exceed the sum of the following:
 1. The percentage change in the new business premium rate for the insurance purchasing outlet measured from the first day of the prior rating period to the first day of the new rating period;
 2. Any adjustment, not to exceed twenty percent (20%) annually and adjusted pro rata for rating periods of less than one (1) year, due to the claims experience, mental and physical condition, including medical condition, medical history, and health service utilization, or duration of coverage of the member as determined from the insurer's rate manual; and
 3. Any adjustment due to change in coverage or change in the case characteristics of the member as determined by the insurer's rate manual.
- (3) In utilizing case characteristics the ratio of the highest rate factor to the lowest rate factor within a class of business shall not exceed five to one (5:1). For purposes of this limitation, case characteristics include age, gender, occupation or industry, and geographic area.

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