

304.17A-0954 Premium rate guidelines for employer-organized association plans.

- (1) Notwithstanding any other provision of this chapter, the amount or rate of premiums for an employer-organized association health plan may be determined, subject to the restrictions of subsection (2) of this section, based upon the experience or projected experience of the employer-organized associations whose employers obtain group coverage under the plan.
- (2) The following restrictions shall be applied in calculating the permissible amount or rate of premiums for an employer-organized association health insurance plan issued to an employer-organized association as defined in KRS 304.17A-005(12)(a) to (c):
 - (a) The premium rates charged during a rating period to members of the employer-organized association with similar characteristics for the same or similar coverage, or the premium rates that could be charged to a member of the employer-organized association under the rating system for that class of business, shall not vary from its own index rate by more than fifty percent (50%) of its own index rate;
 - (b) The percentage increase in the premium rate charged to an employer member of an employer-organized association 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 employer-organized association 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 period 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;
 - (c) 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 purpose of this limitation, case characteristics include age, gender, occupation or industry, and geographic area; and
 - (d) Unless the written consent of the employer-organized association is filed with the department, the index rate for the employer-organized association shall be calculated solely with respect to that employer-organized association and shall not be tied to, linked to, or otherwise adversely affected by any other index rate used by the issuing insurer.
- (3) For the purpose of this section, a health insurance contract that utilizes a restricted provider network shall not be considered similar coverage to a health insurance contract that does not utilize a restricted provider network if utilization of the restricted provider network results in measurable differences in claims costs.

Effective: June 27, 2019

History: Amended 2019 Ky. Acts ch. 165, sec. 2, effective June 27, 2019. -- Amended 2010 Ky. Acts ch. 24, sec. 1214, effective July 15, 2010. -- Amended 2002 Ky. Acts ch. 351, sec. 16, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 476, sec. 27, effective January 1, 2001. -- Created 1998 Ky. Acts ch. 496, sec. 11, effective April 10, 1998.