

# STATE OF ALASKA

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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## BULLETIN 94-06

**TO: ALL INSURANCE COMPANIES, HOSPITAL OR MEDICAL SERVICE CORPORATIONS, AND HEALTH MAINTENANCE ORGANIZATIONS LICENSED IN ALASKA**

**RE: SMALL EMPLOYER HEALTH INSURANCE**

The plan of operation for the Small Employer Health Reinsurance Association has been approved by the Director of Insurance on March 23, 1994. Pursuant to Title 21 Chapter 56, small employer insurers must comply with Chapter 56 within 180 days after approval of the plan of operation.

Following are procedures and requirements for filing an actuarial certification under AS 21.56.120(c)(1).

This certification must be addressed to:

Director of Insurance  
Small Employer Health Insurance Certification  
Alaska Division of Insurance  
P.O. Box 110805  
Juneau, AK 99811-0805

The actuarial certification must be in a form and manner and contain the following:

I, (name and title of actuary), am an (officer, employee) of (name of insurer) and am a member of the American Academy of Actuaries. I am familiar with the applicable statutory provisions of AS 21.56.

or

I, (name and title of consulting actuary), am associated with (name of consulting actuary firm) and am a member of the American Academy of Actuaries. I have been involved in the preparation of the small employer health insurance premium rates of the (name of insurer) and am familiar with the applicable statutory provisions of AS 21.56.

I have examined the actuarial assumptions and methodology used by (name of insurer) in determining small employer health insurance premium rates and the procedures used by (name of insurer) in implementing the small employer health insurance rating provisions of AS 21.56.

I certify that for the period from to the small group health insurance premium rates and rating methodology of (name of insurer) meet the following requirements:

1. The percentage increase in the premium rates charged to small employers for a new rating period does not exceed the sum of:

a) the percentage change in new business premium rates in the prior rating period; and

b) any adjustment due to changes in coverage or case characteristics of the small employer as determined from (name of insurers)'s rate manual.

2. is the largest percentage increase in premium rates for any of the small employer groups covered by (name of insurer).

3. The rating factor associated with industry classification does not vary by more than 15% from the arithmetic average of the highest and lowest rating factors associated with all industry classifications used by the insurer.

4. Rating factors produce premiums for identical groups that differ only by amounts attributable to plan design and not differences in the nature of groups assumed to select particular health benefit plans.

5. All health benefit plans issued or renewed in the same calendar month have the same rating period.

6. The following are the only case characteristics used in determining premium rates. (check those that apply)

\_\_\_\_ Age \_\_\_\_ Geographic area

\_\_\_\_ Sex \_\_\_\_ Family composition

\_\_\_\_ Industry \_\_\_\_ Group size

\_\_\_\_ Other (list and indicate date approved by the director)

7. Reasonable disclosure was made in the solicitation and sales materials for the sale of the health benefit plans to small employers of the following:

a. the extent that premium rates are established or adjusted based upon the actual or expected claims costs or the actual or expected health status of the employees (and dependents) of the small employer.

b. the provisions in the health benefit plan concerning the right of (name of insurer) to change premium rates and rating factors, renewability of policies and contracts, and preexisting condition limitations.

I certify that for the period from \_\_\_\_\_ to \_\_\_\_\_ all other required provisions established in AS 21.56 were met by (name of insurer).

Signature of Actuary

Date

These procedures and requirements become effective on September 19, 1994.

If you have questions, you may contact Katie Campbell, Life & Health Actuary, at (907) 465-4607.

Done this 24<sup>th</sup> day of March, 1994 at Juneau, Alaska.



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David J. Walsh, Director  
Division of Insurance