



The State of New Hampshire Insurance Department

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Roger A. Sevigny
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BULLETIN

TO: All Insurers Licensed to Sell Accident and Health Insurance
All Health Maintenance Organizations
All Nonprofit Health Service Corporations
All Producers Licensed to Sell Accident and Health Insurance

DATE: August 26, 2003

RE: Chapter 188, Laws of 2003 (SB 110)
Rating and Billing Issues
Standardized Health Statement

Docket Number: 03-035-AB

Chapter 188, Laws of 2003, significantly changes the rules governing small employer group health insurance. The Department recognizes that carriers and producers need to start preparing now for the changes that will take effect in January of 2004. To guide carriers and producers in implementing these changes, the Department has prepared this interpretive bulletin. The Department will follow through with formal rulemaking.

This bulletin and any addenda to it will be published only on the Department's web site. Market participants are encouraged to check the web site for updates.

List Billing

- a) List billing, the practice of preparing a bill delineating the employer's total premium by each covered employee, shall be permitted for all small employer group plans.
- b) List billing is not required. Carriers may bill on a composite basis.
- c) The following rating factors may be used for generating list bill rates by covered employee:
 - i) the covered employee's membership type, e.g. single, two person, family, etc.; and
 - ii) attained ages of the covered employee and the covered employee's spouse and dependents.

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- d) The following rating factors may be used in calculating the small employer group's rate. These factors shall not be used to calculate list bill rates by covered employee:
- i) Industry classification;
 - ii) Group size;
 - iii) Geographic location; and
 - iv) Health status.

Rating Variations

- a) No rating variations will be allowed based on how the plan was marketed or whether a commission or fee was paid.
- b) No rating variations will be allowed based on the percentage of the plan's premium paid for by the employer versus the employee.
- c) No rating variations will be allowed based on the number of employees participating in the plan, e.g. the participation rate.
- d) No rating variations will be allowed based on whether the carrier's plan is offered as the only plan versus a multiple choice situation.
- e) No rating variation will be allowed based on whether the carrier's plan is offered along side a competing carrier's plan.
- f) Policy fees, membership fees, government assessments and other similar charges collected by the carrier shall be considered premium for purposes of considering rating variations.

Standardized Health Statements

Since the enactment of Senate Bill 110, the Department has been working closely with industry and other interested persons to develop standardized health statements. The Department understands that carriers need to begin taking health statements in advance of the legislation's January 1st effective date. Despite its best efforts, the Department recognizes that its standardized form(s) will not be completed within the time frame required to meet the January 1, 2004 effective date. Accordingly, carriers will be allowed to use their own health statement forms, provided such statements have been filed with and approved by the Department, until such time as the Department completes the process of developing standard forms. The Department intends to post a draft standard form on its web-site for use in the small group



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market shortly. Carriers may elect to use this form without obtaining further approval from the Department.

The Department will only disapprove statements that are found to be contrary to the law's intent.

While the Department will be actively working on promulgating regulations relative to the use of standardized health statements, the Department has no timeline for when such regulations will be effective.