

Washington State Health Insurance Pool

**RATE-SETTING PRINCIPLES**

*DRAFT REDLINES for review at 5-9-18 Board Meeting*

A. WSHIP rates will conform to statutory requirements (RCW 48.41);

~~(1) The pool shall determine the standard risk rate by calculating the average individual standard rate charged for coverage comparable to pool coverage by the five largest members, measured in terms of individual market enrollment, offering such coverages in the state. In the event five members do not offer comparable coverage, the standard risk rate shall be established using reasonable actuarial techniques and shall reflect anticipated experience and expenses for such coverage in the individual market.~~

~~—(2) Subject to subsection (3) of this section, maximum rates for pool coverage shall be as follows:~~

~~—(a) Maximum rates for a pool indemnity health plan shall be one hundred fifty percent of the rate calculated under subsection (1) of this section;~~

~~—(b) Maximum rates for a pool care management plan shall be one hundred twenty five percent of the rate calculated under subsection (1) of this section; and~~

~~—(c) Maximum rates for a person eligible for pool coverage pursuant to RCW 48.41.100(1)(a) who was enrolled at any time during the sixty three day period immediately prior to the date of application for pool coverage in a group health benefit plan or an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005, where such coverage was continuous for at least eighteen months, shall be:~~

~~—(i) For a pool indemnity health plan, one hundred twenty five percent of the rate calculated under subsection (1) of this section; and~~

~~—(ii) For a pool care management plan, one hundred ten percent of the rate calculated under subsection (1) of this section.~~

~~—(3)(a) Subject to (b) and (c) of this subsection:~~

~~—(i) The rate for any person whose current gross family income is less than two hundred fifty one percent of the federal poverty level shall be reduced by thirty percent from what it would otherwise be;~~

~~—(ii) The rate for any person whose current gross family income is more than two hundred fifty but less than three hundred one percent of the federal poverty level shall be reduced by fifteen percent from what it would otherwise be;~~

~~—(iii) The rate for any person who has been enrolled in the pool for more than thirty-six months shall be reduced by five percent from what it would otherwise be.~~

~~—(b) In no event shall the rate for any person be less than one hundred ten percent of the rate calculated under subsection (1) of this section.~~

~~—(c) Rate reductions under (a)(i) and (ii) of this subsection shall be available only to the extent that funds are specifically appropriated for this purpose in the omnibus appropriations act.~~

B. At the discretion of the WSHIP Board:

1. Rates will be set in such a way as to provide incentives for enrollment in cost-effective plans.

~~—Rates on the Standard Plan will be set at the statutory maximum to encourage enrollment in managed plans.~~

~~3.2.~~ Rates for age 65 and over on Medicare plans will be set at the statutory maximum light of the availability of alternatives such as Medicare Advantage and Part D plans. Rates for under age 65 on Medicare plans will be set at the statutory minimum ~~of 110% of the Standard Risk Rate~~ until alternatives become available.

~~4.3.~~ Rates for Medicare plans will be set at a single rate for 65 and over and a single rate for under 65 based on market rates.

~~5.4.~~ Rates for plans that have been closed to new enrollment will be set at the statutory maximum when other alternatives exist.

~~6.5.~~ Premium subsidies may be increased in the event grant money becomes available, but any such subsidies will be consistent with these principles.

C. These principles will be reviewed by the WSHIP Board periodically.