



Ohio Revised Code

Section 3924.04 Limits on premium rates - low claim rates.

Effective: March 23, 2007

Legislation: Senate Bill 5 - 126th General Assembly

(A)(1) With respect to any health benefit plan of a carrier and except as otherwise provided in divisions (A)(2) and (3) of this section, the premium rates charged or offered for a rating period for the same or similar coverage under a health benefit plan covering any small employer with similar case characteristics shall not vary from the applicable midpoint rate by more than forty per cent of the midpoint rate, as to all health benefit plans issued on or after the effective date of this section.

(2) A carrier may apply a low claims discount not to exceed five per cent of the midpoint rate to small employers with favorable claims experience. A premium rate for a rating period may fall outside the range set forth in division (A) of this section as the result of a low claims discount.

(3) If the premium rates charged or offered for the same or similar coverage under a health benefit plan covering any small employer with similar case characteristics, as determined by the carrier, exceeds the premium rate limitations described in divisions (A)(1) and (2) of this section, any increase in premium rates for a new rating period shall not exceed the sum of both of the following:

(a) Any percentage change in the base premium rate measured from the first day of the prior rating period to the first day of the new rating period;

(b) Any adjustment due to change in case characteristics or plan design of the small employer, as determined by the carrier.

(4) For purposes of this section, a small employer carrier shall treat all health benefit plans issued or renewed in the same calendar month as having the same rating period.

(B) If a carrier utilizes industry as a case characteristic in establishing premium rates, the rate factor associated with any industry classification shall not vary by more than fifteen per cent from the arithmetic average of the rate factors associated with all industry classifications.



(C) Subject to divisions (A) and (B) of this section, any increase in premium rates for a new rating period shall not exceed any percentage change in the base premium rate measured from the first day of the prior rating period to the first day of the new rating period plus fifteen per cent, adjusted on a pro rata basis for rating periods greater or less than one year, of the base premium rate for the new rating period and any adjustments due to a change in case characteristics or plan design of the small employer, as determined by the carrier.

(D) The superintendent of insurance may adopt rules in accordance with Chapter 119. of the Revised Code that set forth alternative methods of calculating the premium rates required under this section, which methods result in premium rates that are consistent with, and meet the applicable requirements of, this section. A carrier that utilizes any such method of calculation is deemed to be in compliance with this section.

(E) If a carrier has established a separate class of business for one or more small employer health care alliances in accordance with section 1731.09 of the Revised Code, this section shall apply in accordance with section 1731.09 of the Revised Code.