

## Stoner, Bianca (OIC)

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**From:** Waltraut Lehmann <Waltraut.Lehmann@PREMERA.com>  
**Sent:** Wednesday, September 27, 2017 10:09 AM  
**To:** Stoner, Bianca (OIC)  
**Cc:** Beyer, Jane (OIC); Keogh, Jim (OIC); Lee, Lichiou (OIC); Valore, Ross (OIC); Julie Cooper; Sven Peterson  
**Subject:** Geographic rating rules R 2017-11

Hello Bianca and team,

On behalf of Premera Blue Cross and LifeWise Health Plan of Washington, I am sending you our initial comments and suggestions for your review of possible changes to be made to the geographic rating rules in WAC 284-43-6680 and WAC 284-43-6700. The comments in this message serve as our response to the CR-101 issued for this matter.

As we have stated, and as also expressed by the Association of Washington Healthcare Plans, we believe that the current need for greater market stability calls for a reassessment of the provisions in these rules. Much more information is available today regarding the conditions in the market, particularly for individual plans, but for small groups as well, than was the case then the rules were originally developed and adopted.

First of all, we want to emphasize that we are fully in support of changes to the rules that will result in improvement to the way that geographic rating areas are established for Washington and to the premium ratio between highest- and lowest-cost area. We will continue to work with you and the rule team on the details of the changes to be made.

To further the discussion, as agreed upon at the meeting on Monday, September 25, I am forwarding to you our draft suggestions for revisions to the rule.

### DISCUSSION DRAFT

#### **WAC 284-43-6880 - Geographic rating area factor development.**

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(2) The premium ratio for the highest cost geographic rating area, when compared to the lowest cost geographic rating area, must not be more than ~~4.151~~1.30.

#### **WAC 284-43-6700 - Geographic rating area designation.**

(1) The following geographic rating areas are designated for Washington state for nongrandfathered individual and small group plans:

Area 1: Index geographic rating area: King County.

Area 2: Clallam, Cowlitz, Grays Harbor, ~~Island~~, Jefferson, Mason, Lewis, Kitsap, Pacific, ~~Pierce, San Juan, Skagit, Snohomish, [Thurston,]~~\* and Wahkiakum,~~and Whatcom~~ counties.

Area 3: Clark, Klickitat, and Skamania counties.

Area 4: Ferry, Lincoln, Pend Oreille, ~~Spokane~~, and Stevens counties.

Area 5: Adams, Asotin, ~~Benton, Chelan~~, Columbia, ~~Douglas~~, Franklin, Garfield, ~~Grant, Kittitas, Okanogan~~, Walla Walla, and Whitman,~~and Yakima~~ counties.

New area: Island, San Juan, Skagit, and Whatcom counties.

New area: Pierce County. \*[as an alternative, combine Thurston with Pierce]

New area: Spokane County.

New area: Snohomish County.

New area: Benton, Chelan, Douglas, Grant, Kittitas, Okanogan, and Yakima counties.

(2) The commissioner will review the geographic rating area designation in this section not more frequently than every three years, beginning ~~January 31, 2016~~ [effective date of revised rule]. The commissioner will publish changes in the geographic rating area designation within sixty days of the review date.

We also offer the following additional comments and suggestions. As an alternative to the 30% spread for the rating factor, we would also support a factor of +/-15.

Further, we recognize that our proposed changes to the rating areas themselves would result in 10 areas total. Within the overall revised areas, we view current areas 2 and 5 as being of the greatest concern. Each of these two combines particularly disparate urban and rural counties, and needs to be broken up. Area 2 currently is made up of 16 counties; area 5 is made up of 14 counties. Both of them are too big to support the notion that all providers in the area have the same unit cost.

If you have questions, please let me know. I'd like to add that I will be out of the office on PTO beginning late morning tomorrow, Thursday, September 28, returning on Tuesday, October 10. In my absence, please feel free to contact Julie Cooper or Sven Peterson, both copied on this e-mail.

Thank you very much!

*Waltraut*

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