Large Group Health, Dental Only, and Vision Only Rate Manual Guidance

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Purpose

This document provides general guidance for preparing large group health, dental only, and vision only rate filings. Although following this guidance does not guarantee that your rate filing will be approved, it will help expedite the review process by avoiding common mistakes that result in objections.

# Who should use this document?

**Applicable Licenses:** HCSCs, HMOs and Disability Issuers.

**Applicable TOIs:** H10G, H16G, H20G, and HOrg02G.

**Other Information:** Carriers do not need to file a large group health, dental only, or vision only rate manual when they file their rates via negotiated rate filing methodologies (see STM - Rates - Health Dental Vision - Large Group Filings for details).

Guidance

1. Rate Calculations
	1. The rate manual, as submitted in the current filing alone, must account for all variations of rate calculations that are applicable to the affected forms. Therefore, rates are only “filed” via a filed rate manual if your rate calculations follow the rate manual exactly as filed, using only the group’s information and policy specifications. Using unfiled rates may result in a disciplinary action. You are using unfiled rates if you do not use the rate manual exactly as it is filed, such as by using rules or factors not explicitly provided in your rate manual.
2. Experience
	1. Rate manuals should be based on all experience of corresponding large group health plans, large group dental only plans, or large group vision only plans.
	2. Rate manuals cannot include general rating formulas that determine a group-specific rating factor because rates must be filed before use per RCW 48.43.733(1). However, rate manuals may include group-specific rating factors if the factors are explicitly stated in the rate manual prior to use (e.g., using a group-specific rating factor table). Alternatively, these rates may be filed via negotiated rate filings within 30 working days after the effective date or the date contract negotiations are completed (whichever is earlier); this is the alternative filing methodology we recommend to carriers that wish to use group-specific rating (see STM - Rates - Health Dental Vision - Large Group Filings for details).
3. Underwriting
	1. Your rate manual must establish clear rules that account for all variations of underwriting adjustments you intend to use in your rate calculations. Therefore, you must ensure that we can duplicate the results of your underwriting adjustments.
	2. If applicant surveys are used in any variation of your rate calculation, a copy of the survey and rules for scoring the surveys will be required.
4. Commissions
	1. Your rate manual must establish explicit rules to account for commissions in your rate calculations. Note that commission rules in your rate manual may only apply for the purpose of determining premium and not actual commissions paid.

**Example:** Suppose premium derived for a group using the rate manual is $100 per person using a 3% commission, which is the applicable rate in the commission schedule filed in the rate manual, but the actual commission agreed upon for this group is 5% of premium. The issuer must still charge a premium of $100 per person, regardless of the amount of the actual paid commission, unless the issuer files a separate rate filing for this group.

1. Variables
	1. You should list all variables used in your rate calculation and compare the list with the Statement of Variability from the corresponding form filing. For each variable in the Statement of Variability that establishes the benefit design of a policy (e.g., benefit amounts and limitations, riders, and waiting periods) but is not specifically used in the rate manual, you should explain why the variable is not used in the rate manual.
2. Definitions
	1. Include a list of definitions. The definitions used in the rate filing and form filing must be consistent and not violate Washington State law.
	2. Important definitions:
		1. Premium: RCW 48.18.170, RCW 48.18.180, and RCW 48.43.005.
3. Structure
	1. The structure should be logical, and appropriate sections and labels should be included such that, within a rate calculation, steps, rules, formulas, and factors can be easily referenced.
4. Sample Rate Calculation
	1. Include an illustrative rate calculation that demonstrates the use of your rate manual.
		1. The example should be as comprehensive as possible, sufficiently demonstrating all sections of the rate manual.
		2. Begin with the initial information about the policy and end with the total premium charged. Use a tutorial structure, breaking down the rate calculation into steps. The progression from step to step should be clear. Explain each step, referencing the specific section of the rate manual used and any other information needed for completion of the step.
5. Common Causes of Objections
	1. Use of indecisive or ambiguous language in rules, such as using words like “can,” “could,” or “may.”
	2. Results of steps in the rate calculation being a range of possible values (i.e., unclear or ambiguous).
	3. Values of rate calculation variables being determined from sources other than the policy and group information.
	4. Terms or acronyms used in the rate manual not being well defined.
	5. Inconsistent use of terms in the rate and form filings.
	6. Benefit options that differ between the rate and form filings.
	7. Not accurately or specifically referencing the rate manual.
	8. Not clearly stating the final premium charged.
6. Updating / Amending Existing Filings
	1. Provide the SERFF tracking number of the previous rate filing that you intend to update.
		1. If the previous rate filing does not have a SERFF tracking number, you must submit a complete rate manual.
	2. Provide the SERFF tracking number of the corresponding form filing.
	3. Provide an outline of changes. For each change, list the following:
		1. A description of the change,
		2. A Reason or reasons for the change,
		3. The effective rate change, and
		4. The affected documents, pages, and sections of the previous filing.
7. Excel Files
	1. If you submit an Excel file in your filing, you must submit a PDF copy of the Excel file for public record purposes. The PDF copy must:
		1. Show all of the information in the Excel file, including any hidden worksheets.
		2. Include the Excel sheet name in the header of the PDF pages.
		3. Include the page number in the header or footer of the PDF pages.
	2. The names of the Excel and PDF files should be the same, except the Excel file name should include the word “Duplicate” at the end.
	3. The Excel file must include all formulas and internal links.
8. Documents and Information
	1. Except for the case when an Excel file is included in the filing, submit only a single copy of each document.
	2. Information in the filing must be specific to Washington business. Any sections that are not relevant to Washington State must be removed from the filing. If those sections that are not applicable to Washington State cannot be removed from the rate filing, you must explain why, provide a summary of the sections that are not applicable, and clearly indicate those sections that do not apply to Washington business at the beginning of each such section.