

## Avenue H – Rate Development, Risk Adjustment Premium Allocation and Renewal Methodology

Time Frame Methodology Applies	Rate Development	Risk Adjustment Premium Allocation	Renewal
Prospects before 7/2012 Renewals before 7/2013	$[(\text{Carrier Specific Base Rate}) \times (\text{Common GRF})]$	<p><u>Risk Burden:</u>  <math display="block">[(\text{Carrier Specific Base Rate}) \times (\text{Common GRF})] \times (1/\text{Common GRF}) \times (\text{Common IRF})</math></p> <p>Aggregate risk burden compared to actual premium collected by carriers and uniformly adjusted up or down to exactly equal premium collected in total.</p>	<ol style="list-style-type: none"> <li>1. Carrier updates IRF for members covered</li> <li>2. PEHP consolidates updated IRFs and calculates an implied common GRF. Caps, floors applied</li> <li>3. UW workgroup reviews proposed updated common GRF, makes changes as appropriate and approves</li> <li>4. Final IRF / GRF file provided to bswift and ehealth app</li> </ol>
Prospects 7/2012 and later Renewals 7/2013 and later	$[(\text{Carrier Specific Base Rate}) \times (\text{Carrier Specific GRF})]$	<p><u>Risk Burden:</u>  <math display="block">[(\text{Carrier Specific Base Rate}) \times (\text{Carrier Specific GRF})] \times (1/\text{Carrier Specific GRF}) \times (\text{Common IRF})</math></p> <p>Aggregate risk burden compared to actual premium collected by carriers and uniformly adjusted up or down to exactly equal premium collected in total.</p>	<ol style="list-style-type: none"> <li>1. Carriers update IRF for members they cover and provide update to independent party <i>(PEHP for now but can change if needed)</i></li> <li>2. PEHP calculates an updated GRF using the carrier provided IRFs. Summary exhibit sent to carriers.</li> <li>3. Carriers develop carrier specific GRFs using the summary information provided by PEHP in conjunction with all other information available to the carrier. Appropriate caps, floors and restrictions applied to proposed GRFs to maintain insurance code compliance.</li> <li>4. Final carrier specific GRFs and rates send to bswift, ehealth app.</li> </ol>