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LINDA RUTHARDT
COMMISSIONER OF INSURANCE

Bulletin No 99-05

To: Commercial Health Insurers, and Health Maintenance Organizations (HMOs), and Blue Cross and Blue Shield of Massachusetts (BCBSMA)

From: Commissioner Linda Ruthardt

Re: Changes to Rating Requirements for Small Group Health Plans

Date: August 23, 1999

Chapter 61 of the Acts of 1999, in part, amended M.G.L. c. 176J to eliminate the provision amending the small group health insurance bands that was schedule to be effective December 1, 1999. This statutory change enables small group health insurance carriers to maintain a "2-to-1" rate banding for coverage issued or renewed on or after December 1, 1999.

Carriers issuing or renewing health benefit plans to groups with between 1 and 50 eligible employees on or after December 1, 1999 must charge group base premium rates to each group during a rating period not exceeding two times the lowest group base premium rate which could be charged to the group with the lowest group base premium rate for that rate basis type within that class of business. Phase-out rate adjustments previously available for small group businesses with between 26 and 50 eligible employees are no longer permitted to be used for any small group plan issued or renewed on or after December 1, 1999.

If you have any questions regarding this bulletin, please call Kevin Beagan, Director of the Health Unit of the State Rating Bureau at (617) 521-7347.