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BULLETIN 2011-06

TO: Commercial Health Insurers, Blue Cross and Blue Shield of Massachusetts, Inc. and Health Maintenance Organizations Offering or Renewing Insured Health Products in the Merged Market in Massachusetts

FROM: Joseph G. Murphy, Commissioner of Insurance

DATE: March 30, 2011

RE: Application of Limit on Increase in Group Base Premium Rates

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The Division of Insurance ("Division") issues this Bulletin to instruct commercial heath insurers, Blue Cross and Blue Shield of Massachusetts, Inc. and Health Maintenance Organizations (hereinafter "Carriers") regarding the application of the limit on increases to group base premium rates for renewing individuals and small groups as established by the Commissioner of Insurance pursuant to SECTION 66 of Chapter 288 of the Acts of 2010 and 211 CMR 66.08(1)(c), effective April 1, 2011.

As stated in 211 CMR 66.08(1)(c), "[a]n eligible individual or eligible small group's overall increase in the group base premium rate shall not exceed 15% above the increase in the base premium rate for that eligible individual or eligible small group, as established by the commissioner pursuant to St. 2010, c. 288, § 66." Specifically, Carriers must calculate the relevant group base premium rate for a ***renewing*** individual or group based upon the sum of:

(1) the increase in the applicable rate adjustment factors for that individual or group; and

(2) the increase in the base premium rate for that individual or group.

The noted provision in 211 CMR 66.08(1)(c) does not apply to newly enrolling groups.

Any questions regarding the application of the limit described in 211 CMR 66.08(1)(c) to the development of rates should be directed to Kevin P. Beagan, Deputy Commissioner of the Health Care Access Bureau, at (617) 521-7323.