

Department of Consumer & Business Services

**Oregon Insurance Division - 5**

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**Attachment I**

**Actuarial Demonstration of Portability Geographic Average Rate (GAR)  
Instructions for Portability Documentation of Consistency**

**Column 1:** List all the large group health benefit plans (not portability plans) that are to be used in the demonstration. Begin with the large group plan with the most employees enrolled, then the plan with the next most employees, and so on until at least 75% of employees in all large group plans is reached. If small groups are being pooled with them, repeat this process for small groups.

**Column 2:** Include only the numbers of employees enrolled in group plans. Do not include portability enrollees.

**Column 3:** GAR area means a number from 1 to 7 defining the principal location of each group. Areas are defined at OAR 836-053-0065.

**Column 4:** Composite premium per employee per month for the plan identified.

**Column 5:** Trend factor adjusts for the difference in months between the effective date for the group plan and the effective date for the portability.

**Column 6:** Trended average composite rate is the factor of columns (4) and (5).

**Column 7:** Age adjustment factor adjusts for the difference in average age between the group plans and the portability plan. For instance, if the average age for all the group employees is 45, then 45 will be the age for which the final portability rate derived at the end of this chart will apply. If a particular group has an average age of only 30, this factor will adjust its composite rate to give a rate for 45 rather than 30.

**Column 8:** Tier refers to the family composition used in your group rates: two (employee and couple/family), three (employee, couple, and family) or four tier (employee, couple, one-parent family, and two-parent family). Each of these choices implies that tier factors will be used to derive a rate per single employee, per couple, or per family. A composite tier factor for the group will almost always be one; in unusual instances certain groups may require adjustment and this column will allow that. Please explain any factor that is not equal to one.

**Column 9:** As in column (7), an adjustment must be made for any differences in rating by area among the group plans and the portability plan. These factors relate to the GAR areas of column (3).

**Column 10:** As in column (7), a benefit adjustment factor adjusts for the differences between the benefits of the group plans and the portability plan.

**Column 11:** Fully adjusted average composite rate is the group composite rate if it had the same benefits as the portability plan, the same average age, the same area factor, and the same renewal date as the portability plan.

**Column 12:** Fully adjusted premiums are the product of columns (2) and (11) The total of this column is divided by the total of column 2, to get the composite portability rate based on the group rates in this demonstration.

This rate is then used to get separate rates for the combinations of employee, and dependent, based on the number of tiers. The largest rate charged for a given tier can not be more than two times the lowest rate.

# Attachment I

## Portability Documentation of Consistency with Small and Large Health Benefit Group Rates

- Your filing must include a table (similar to the table below) summarizing the current rates and benefit plans included in the demonstration.
- Group health benefit plans demonstrated must support that the percentage increase for the portability plans do not exceed the average increase with the carrier's applicable group health benefit plans. List all the large group health benefit plans (not portability plans) that are to be used in the demonstration. Begin with the large group plan with the most employees enrolled, then the plan with the next most employees, and so on until at least 75% of employees in all large group plans is reached. If small groups are being pooled with them, repeat this process for small groups.

ORS 743.760(7)(d)

- The filing must include the actual premium by individual and dependent portability rates. Explain the basis of determining the dependent portability rates and how they are consistent with dependent rates for group insurance. The adjustment must only reflect differences in benefit design, family composition and age. ORS 743.760(7)(b)

Period covered by the current information \_\_\_\_\_.

New effective date to which rates have been trended \_\_\_\_\_.

Average age for equivalence demonstration \_\_\_\_\_.

Set of benefits for equivalence demonstration \_\_\_\_\_.

GAR area for equivalence demonstration \_\_\_\_\_.

Identify tiers (See column 8 under instructions)

1 Plan	2 Number of covered employees	3 GAR area	4 Current average composite rate	5 Trend factor	6 Trended average composite rate	7 Age adjustment factor	8 Tier composite adjustment factor	9 Area adjustment factor	10 Benefit adjustment factor	11 Fully adjusted average composite rate	12 Fully adjusted premiums	
Total:											Total:	
<b>Equivalence rate = Total (12) divided by Total (2)</b>												

### Description of columns:

- |   |   |                             |
|---|---|-----------------------------|
| (1) A set of benefits: more than one employee group may have a given plan (Note that total of covered employees for plans listed must be > 75 percent of total covered employees for all plans. See Instructions Column 1.) | (7) Age relativity factor of average age assumed for equivalence  | (11) (6)X(7) X (8) X (9)X10 |
| (2) Average number for covered period.  | (8) Tier is family composition Consistent with group (2,3,4 tier) | (12) (2)X (11)              |
| (3) For each plan, include a separate line for each GAR area.   | (9) GAR area assumed for Equivalence                              |                             |
| (4) Total premium for plan ÷ number of employees (for that line).   | (10) Relativity factor for set of benefits for equivalence        |                             |
| (5) Trend factor from middle of period covered to new effective date.   |   |                             |
| (6) (4) X (5)   |   |                             |