**Section 2160.620 Premium Rate Structure**

The Director shall annually determine monthly rates of payment subject to the following constraints.

a) A tiered rate methodology shall be employed.

b) Units shall be assigned a rate tier based on the projected costs for each Unit according to the following guidelines:

1) In the first Fiscal Year of coverage the rates shall be based on the cost of administration and the cost of medical services adjusted for age, sex, geographic or demographic characteristics, or other factors that may affect the costs of the Plan. A margin to cover fluctuation in the amount of claims shall also be added to the premium.

2) In subsequent years, premium rates shall be based on prior years' claims experience, the cost of administration and the cost of medical services adjusted for age, sex, geographic or demographic characteristics, or other factors that may affect the costs of the Plan. A margin to cover fluctuations in the amount of claims shall also be added to the premium.

3) Premium rates shall remain unchanged throughout the Fiscal Year. A Unit shall experience a one-tier rate increase or decrease if the projected costs, based on employee demographics and actual prior years' claims experience of Members and Dependents, warrant such an increase or decrease for the following Fiscal Year.

c) Beginning with the first year, Units that enroll more than 250 Members may be individually experience rated to determine the monthly premium rates.

(Source: Amended at 25 Ill. Reg. 10306, effective August 3, 2001)