

1 AN ACT concerning small employer health insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Small Employer Health Insurance Rating
5 Act is amended by changing Section 25 as follows:

6 (215 ILCS 93/25)

7 Sec. 25. Premium Rates. (a) Premium rates for health
8 benefit plans subject to this Act shall be established on the
9 basis of community-based rates and not on the basis of
10 experience-based rates. The Department shall issue rules
11 necessary to implement this Section. ~~subject to all of the~~
12 ~~following provisions:~~

13 (1) ~~The index rate for a rating period for any~~
14 ~~class of business shall not exceed the index rate for any~~
15 ~~other class of business by more than 20%.~~

16 (2) ~~For a class of business, the premium rates~~
17 ~~charged during a rating period to small employers with~~
18 ~~similar case characteristics for the same or similar~~
19 ~~coverage, or the rates that could be charged to such~~
20 ~~employers under the rating system for that class of~~
21 ~~business, shall not vary from the index rate by more than~~
22 ~~25% of the index rate.~~

23 (3) ~~The percentage increase in the premium rate~~
24 ~~charged to a small employer for a new rating period shall~~
25 ~~not exceed the sum of the following:~~

26 (A) ~~the percentage change in the new business~~
27 ~~premium rate measured from the first day of the~~
28 ~~prior rating period to the first day of the new~~
29 ~~rating period. In the case of a health benefit plan~~
30 ~~into which the small employer carrier is no longer~~
31 ~~enrolling new small employers, the small employer~~

1 carrier shall use the percentage change in the base
2 premium rate;

3 (B) an adjustment, not to exceed 15% annually
4 and adjusted pro-rata for rating periods of less
5 than one year, due to claim experience, health
6 status, or duration of coverage of the employees or
7 dependents of the small employer as determined from
8 the small employer carrier's rate manual for the
9 class of business; and

10 (C) any adjustment due to change in coverage
11 or change in the case characteristics of the small
12 employer as determined from the small employer
13 carrier's rate manual for the class of business.

14 (4) Adjustments in rates for a new rating period
15 due to claim experience, health status and duration of
16 coverage shall not be charged to individual employees or
17 dependents. Any such adjustment shall be applied
18 uniformly to the rates charged for all employees and
19 dependents of the small employer.

20 (5) In the case of health benefit plans delivered
21 or issued for delivery prior to the effective date of
22 this Act, a premium rate for a rating period may exceed
23 the ranges set forth in items (1) and (2) of subsection
24 (a) for a period of 3 years following the effective date
25 of this Act. In such case, the percentage increase in
26 the premium rate charged to a small employer for a new
27 rating period shall not exceed the sum of the following:

28 (A) the percentage change in the new business
29 premium rate measured from the first day of the
30 prior rating period to the first day of the new
31 rating period; in the case of a class of business
32 into which the small employer carrier is no longer
33 enrolling new small employees, the small employer
34 carrier shall use the percentage change in the base

1 premium-rate, provided that such change does not
 2 exceed, on a percentage basis, the change in the new
 3 business premium rate for the most similar class of
 4 business into which the small employer carrier is
 5 actively enrolling new small employers; and

6 (B) any adjustment due to change in coverage
 7 or change in the case characteristics of the small
 8 employer as determined from the carrier's rate
 9 manual for the class of business.

10 (6) Small employer carriers shall apply rating
 11 factors, including case characteristics, consistently
 12 with respect to all small employers in a class of
 13 business. A small employer carrier shall treat all health
 14 benefit plans issued or renewed in the same calendar
 15 month as having the same rating period.

16 (7) For the purposes of this subsection, a health
 17 benefit plan that contains a restricted network provision
 18 shall not be considered similar coverage to a health
 19 benefit plan that does not contain such a provision,
 20 provided that the restriction of benefits to network
 21 providers results in substantial differences in claim
 22 costs.

23 (b) A small employer carrier shall not transfer a small
 24 employer involuntarily into or out of a class of business. A
 25 small employer carrier shall not offer to transfer a small
 26 employer into or out of a class of business unless such offer
 27 is made to transfer all small employers in the class of
 28 business without regard to case characteristics, claim
 29 experience, health status or duration of coverage since
 30 issue.

31 (Source: P.A. 91-510, eff. 1-1-00.)