

House Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

CHAPTER 109

HOUSE BILL 2217

AN ACT

AMENDING SECTION 20-2311, ARIZONA REVISED STATUTES; RELATING TO ACCOUNTABLE HEALTH PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-2311, Arizona Revised Statutes, is amended to
3 read:

4 20-2311. Premium rates and rating practices

5 A. The premium rate that an accountable health plan charges during a
6 rating period for a health benefits plan issued to a small employer shall not
7 vary by more than sixty per cent from the index rate for health benefits
8 plans involving the same or similar coverage, family size and composition,
9 and geographic area.

10 B. In establishing premium rates for health benefits plans offered to
11 small employers:

12 1. An accountable health plan making adjustments with respect to
13 demographic characteristics shall apply those adjustments consistently across
14 all small employers.

15 2. An accountable health plan may not use a geographic area that is
16 smaller than a county or smaller than an area that includes all areas in
17 which the first three digits of the zip code are identical, whichever is
18 smaller.

19 C. The percentage increase in the premium rate that is charged to a
20 small employer for a new rating period may not exceed the sum of the
21 following:

22 1. The percentage change in the base premium rate.

23 2. Fifteen percentage points.

24 3. Any adjustment due to a change in coverage, family size or
25 composition, geographic area or demographic characteristics.

26 D. At the time an accountable health plan offers a health benefits
27 plan to a small employer, the accountable health plan shall fully disclose to
28 the employer all of the following:

29 1. Rating practices for small employer health benefits plans,
30 including rating practices for different populations and benefit designs.

31 2. The extent to which premium rates for the small employer are
32 established or adjusted based on the actual or expected variation in claims
33 costs or health condition of the employees of the small employer and their
34 dependents.

35 3. The accountable health plan's right to change premium rates, the
36 extent to which premiums can be modified and the factors that affect changes
37 in premium rates.

38 E. Each accountable health plan shall file annually with the director
39 a written statement by a member of the American academy of actuaries or
40 another individual acceptable to the director certifying that based on an
41 examination by the individual, including a review of the appropriate records
42 and of the actuarial assumptions of the accountable health plan and methods
43 used by the accountable health plan in establishing BASE PREMIUM RATES, INDEX
44 RATES AND premium rates for small employer health benefits plans:

1 1. The accountable health plan is in compliance with the applicable
2 provisions of this article.

3 2. The rating methods are actuarially sound.

4 F. Each accountable health plan shall retain a copy of the statement
5 required by subsection E for examination at its principal place of business.

6 G. EACH ACCOUNTABLE HEALTH PLAN SHALL ANNUALLY FILE WITH THE DIRECTOR
7 FOR INFORMATIONAL PURPOSES THE ACCOUNTABLE HEALTH PLAN'S BASE PREMIUM RATES
8 AND INDEX RATES. ON REQUEST, THE DIRECTOR SHALL MAKE THE BASE PREMIUM RATES
9 OR THE INDEX RATES AVAILABLE TO THE PUBLIC FOR INSPECTION.

APPROVED BY THE GOVERNOR APRIL 12, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 12, 2006.

