

**WAC 284-43-6681 Geographic rating area factor development on or after January 1, 2019.** (1) For nongrandfathered individual or small group health plans offered, issued or renewed on or after January 1, 2019, if an issuer elects to adjust its premium rates based on geographic area, the issuer must use the geographic rating areas designated in WAC 284-43-6701.

(2) (a) Except as provided in (b) and (c) of this subsection the premium ratio for the highest cost geographic rating area, when compared to the lowest cost geographic rating area, must not be more than 1.15.

(b) An issuer that offers qualified health plans as described in RCW 43.71.065 in every county in six or more rating areas designated in WAC 284-43-6701 may utilize a premium ratio for the highest cost geographic rating area, when compared to the lowest cost geographic area of up to 1.22, if the development of rating factors is actuarially justified and meets all applicable requirements.

(c) An issuer that offers qualified health plans as described in RCW 43.71.065 in every county in every rating area designated in WAC 284-43-6701 may utilize a premium ratio for the highest cost geographic rating area, when compared to the lowest cost geographic area of up to 1.40, if the development of rating factors is actuarially justified and meets all applicable requirements.

(d) (i) The area factor for the index geographic rating area must be set at 1.00. Except to the extent provided otherwise in (d) of this subsection, King County is the index geographic rating area for purposes of calculating the premium ratio.

(ii) If King County (area 1) is not in an issuer's service area, the geographic rating area of the county with the largest enrollment in the issuer's service area must be set at 1.00.

(iii) If the issuer offers both individual and small group health plans and either the individual or small group health plans are not offered in King County (area 1), the index geographic rating area may be different for individual and small group health plans. The index geographic rating area for each market must be established consistent with (d) (i) or (ii) of this subsection as applicable.

(iv) If the issuer is new to the Washington state market, the geographic rating area within the issuer's service area that has the greatest number of counties must be set at 1.00.

(3) A health-status related factor may not be used to establish a rating factor for a geographic rating area. Health factor means any of the following:

- (a) Health status of enrollees or the population in an area;
  - (b) Medical condition of enrollees or the population in an area, including physical, mental, or behavioral health illnesses;
  - (c) Claims experience;
  - (d) Health services utilization in the area;
  - (e) Medical history of enrollees or the population in an area;
  - (f) Genetic information of enrollees or the population in an area;
  - (g) Disability status of enrollees or the population in an area;
- or
- (h) Other evidence of insurability to the area.

(4) Assignment of a factor to a geographic rating area must be actuarially sound and based on provider costs and practice pattern differences. An issuer must fully document the basis for the assigned rating factors in the actuarial memorandum submitted with a rate filing.

(5) The geographic rating area factors used in health plans filed with the commissioner must be applied uniformly to those individuals or small groups applying for or receiving coverage from the issuer.

(6) For out-of-state enrollees under a health benefit plan issued to a Washington resident, an issuer must apply the geographic rating area factor based on the primary subscriber's Washington residence. For out-of-state enrollees who are covered under a health benefit plan issued through an employer whose primary place of business is Washington, an issuer must apply the geographic rating area factor based on the employer's primary place of business.

[Statutory Authority: RCW 48.02.060, 48.43.733, and 45 C.F.R. 147.102. WSR 18-07-053, § 284-43-6681, filed 3/14/18, effective 4/14/18.]