

11 NCAC 16 .0604 INITIAL HMO RATE FILING DATA REQUIREMENTS AND STANDARDS

(a) All initial HMO rate filings shall include, in addition to the data required by 11 NCAC 16 .0603, the following data:

- (1) a comparison of the rates to other HMO rates with the same effective date in North Carolina for similar benefit plans; and
- (2) a three-year financial projection, provided by the Department's Actuarial Services Division, that details total membership, revenues, and expenses, and that includes a statement of cash flow, a balance sheet, and a statement of working capital and net worth.

(b) All initial HMO rate filings shall use in the rate development a total retention loading of:

- (1) no greater than 25.0% of the total premium rate for full-service HMO products issued on a group basis;
- (2) no greater than 35.0% of the total premium rate for single-service HMO products issued on a group basis;
- (3) no greater than 35.0% of the total premium rate for full-service HMO products issued on an individual basis; or
- (4) no greater than 45.0% of the total premium rate for single-service HMO products issued on an individual basis.

(c) If an HMO uses a total retention loading that is less than the maximum limit cited in Paragraph (b) of this Rule minus 15.0%, then the following supporting documentation shall be included in the filing:

- (1) a listing of each of the specific components that make up the total retention loading expressed as a percentage of premium;
- (2) a brief description of the methodology employed to obtain each of the components that make up the total retention loading;
- (3) a brief explanation as to why any of the components which make up the total retention loading have changed and a statement of opinion from an officer of the HMO that these changes are permanent in nature;
- (4) a brief, summary description of the impact of any special fee negotiations or contract arrangements that affect the premium rates. Identification of specific hospitals or physician groups shall not be required; and
- (5) a comparison of the rates to other HMO rates with similar benefit plans.

(d) All HMO's must project a positive net income after taxes in each of the last 12 months of the three year financial projection.

*History Note: Authority G.S. 58-67-10(d)(1); 58-67-50(b); 58-67-150;
Eff. April 1, 1995;
Readopted Eff. October 1, 2018.*