

[N.J. Rev. Stat. § 17:48-6.9.]

§ 17:48-6.9. Adjustment of rates; experience rating formulas; approval: Hospital Service Corporations

Any group contract, covering at least 50 employees or members, may provide for the adjustment of the rate of premium at the end of the first year or any subsequent year of insurance thereunder based on the experience thereunder both past and contemplated. No hospital service corporation shall use any form of experience rating plan until it shall have filed with the commissioner the formulas to be used and the classes of groups to which they are to apply. The commissioner may disapprove the formulas or classes at any time if he finds that the rates produced thereby are excessive, inadequate or unfairly discriminatory or that the formulas or classes are such as to prejudice the interests of persons who are eligible for hospital services under contracts with the hospital service corporation which are not subject to experience rating.

Excluding those rating formulas applicable to groups the employees or members of which are located in more than one state and which are underwritten in participation with other corporation(s) of other state(s), no rating formula shall be approved by the commissioner unless it provides that the experience rated groups will be assessed a reasonable community charge. Any such rating formula may provide for the allowance of an equitable discount in the event the policyholder agrees to perform certain administrative and record keeping functions in connection with the routine maintenance of the group account.

Nothing in this section shall preclude the hospital service corporation from incorporating in the rate formula such claim cost and utilization trend factors as it deems necessary in its discretion so long as the rates produced are self-supporting and the formulas for classes do not prejudice the interests of persons who are eligible for hospital services under contracts with the hospital service corporation which are not subject to experience rating.

For experience rated groups of 50 to 99 employees or members, the commissioner will have the authority to determine that rates charged depart from community rates in such a way as to assure continuity of rating principles with the community rated and experience rated groups of 100 or more.