

Small-employer rating option request – Colorado

Small-group employers now have the option to determine the rating option that calculates their premium. Effective January 2016, Humana will offer small-group employer rates using the option of individually rated employees¹ and composite rates², defined as:

- Individually rate: Individual rates vary by individual's age and age/number of dependents
- Composite rate: Individual rates that are averaged by coverage tier that do not vary during plan year

This document enables small-group employers to elect to change the rating methodology, from Humana's standard business practice; to either the individual rate and/or composite rate option. **Please work with your agent to determine the rating option(s) that best meet your needs. Your agent will then submit the request to Humana for the desired rating option(s) for a new business quote or renewal.**

Currently, our standard business practice is to individually rate each employee for groups with 9 employees or less and composite rate for groups with 10 employees or more.

Select rating option (check the box - if no option is selected, the standard business practice will be applied):

Individually rate: Composite rate:

Group name or Humana group number: _____

Benefit administrator name (printed): _____

Benefit administrator name (signature): _____

Date: _____

¹**Individually rated employees** – This rating methodology calculates a premium rate for each employee based on the per-member methodology in regulation 4-2-39 Section 7. The premium charged to each employee will vary based on the age of the employee and the age and number of covered dependents.

²**Composite rates** – The total plan premium is calculated using the same per-member methodology in regulation 4-2-39 Section 7. The group's total plan premium is equal to the sum of the premiums for each covered employee and any covered dependents, spouse and/or children. Once the total plan premium for the group is calculated, the premium is allocated to covered employees based on the tier factor applicable to each employee's family composition. Once the plan's composite rates are computed at the beginning of the plan year, the rates will not vary during the plan year, regardless of any census changes within the group. All carriers will use the standard tier definitions and factors:

- a) Employee only = 1.00
- b) Employee and spouse = 2.00
- c) Employee and child(ren) = 1.85
- d) Employee, spouse and child(ren) = 2.85



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