

## EXPERIENCE RATING

Most commercial insurance carriers will begin utilizing employers own health claims experience when they have 51 or more employees that are eligible for the health plan. In most cases the carrier will blend the entities experience with that of the larger community depending on the size and industry of the group. As the number of employees increases the percentage of the groups own claim experience that is considered in developing their premium rate also increases.

When a group's rate is blended with the community the insurance carrier will include a "pooling charge" to its fees – this is usually represented as a percentage of total premium. Unfortunately, a description of how a carrier determines the pooling charge for any given group is not thoroughly explained. Therefore, it is important for the insured entity to scrutinize the charge and demand an explanation of the carrier's methodology in determining this figure.

Premium promulgation is one of our most valuable services and it allows our clients to achieve a firm negotiating position when dealing with their insurance carrier. Our history designing and managing large self insured plans has led to our expertise in developing accurate claims projections and premium calculations. Our knowledge of benefit plan design and its impact on utilization also puts our clients in a powerful position when challenging their underwriting.

In order to control claims it is imperative that an experience rated group encourage their employees to manage their health and take advantage of wellness initiatives.