Draft
Subject to Peer Review
For Discussion Purposes Only

Date

[Attn:]
[ADOI address information]

Re: Small Employer Group Annual Actuarial Certification - A.R.S. § 20-2311(E)
Accountable health plan name
NAIC ID # *XXXXX*

Salutation

Opening paragraph to include:

- *The purpose of the letter*
- *The signing actuary's relationship to the accountable health plan, their role and responsibilities*
- *The signing actuary's professional credentials and status with continuing professional development requirements*
- *The signing actuary's qualifications to provide the certification*
- *Note: Reference UnitedHealthcare Insurance Company as an example*

Content paragraphs to include:
Under my direction, appropriate testing of records and the review of assumptions and methods were completed to ensure compliance with all applicable provisions of A.R.S. § 20-2311 for all small employer group health policies associated with *[insert accountable health plan name]. If a qualified statement is necessary, or material reliance was placed on another officer of the accountable health plan or another qualified associate, the persons name, their role and responsibilities and details of the reliance should be disclosed here.*

As a result of the testing and review of *[enter the percent and number of total policies reviewed]*, it is determined that *[insert accountable health plan name]* is in compliance with A.R.S. 20-2311(A). The premium rates that *[insert accountable health plan name]* charged during calendar year 2010 for all health benefits plan issued to a small employer did not vary by more than sixty percent from the index rate for health benefits plans involving the same or similar coverage, family size and composition, and geographic area. *If any errors or deviations were found during the testing or review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the accountable health plans processes and the employer groups premium rates.*

As a result of the testing and review of *[enter the percent and number of total policies reviewed]*, it is determined that *[insert accountable health plan name]* is in compliance with A.R.S. § 20-2311(B). In establishing premium rates for health benefits plans offered to small employers:

1. *[Insert accountable health plan name]* does make adjustments with respect to demographic characteristics, and those adjustments are applied consistently across all small employers.
2. *[Insert accountable health plan name]* utilizes geographic area factors in the development of premium rates for small employer groups. These factors are developed *[include a statement identifying how the geographic factors are developed and meet the criteria identified in this section]* which is not smaller than the smaller of either a county or an area that includes all areas in which the first three digits of the zip code are identical.

If any errors or deviations were found during the testing or review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the accountable health plans processes and the employer groups premium rates.

As a result of the testing and review of *[enter the percent and number of total policies reviewed]*, it is determined that *[insert accountable health plan name]* is in compliance with A.R.S. § 20-2311(C). The percentage increase in the premium rate that is charged to a small employer for a new rating period does not exceed the sum of the following:

1. The percentage change in the base premium rate.
2. Fifteen percentage points.
3. Any adjustment due to a change in coverage, family size or composition, geographic area or demographic characteristics.

If any errors or deviations were found during the testing or review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the accountable health plans processes and the employer groups premium rates.

[Insert accountable health plan name] is also in compliance with A.R.S. § 20-2311(D). For each health benefits plan offered to a small employer, *[insert accountable health plan name]* fully disclosed to the employer all of the following:

1. The rating practices of *[insert accountable health plan name]* for small employer health benefits plans, including rating practices for different populations and benefit designs.
2. The extent to which premium rates for the small employer are established or adjusted based on the actual or expected variation in claims costs or health condition of the employees of the small employer and their dependents.
3. *[Insert accountable health plan name]*'s right to change premium rates, the extent to which premiums can be modified and the factors that affect changes in premium rates.

If any deviations were found during the review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the accountable health plans processes and the disclosure information provided to the employer groups.

Insert any additional statements that the accountable health plan would like to include in the annual certification. The accountable health plan can also expand on each of the sections above, including disclosing more detail surrounding the rating practices and procedures used to determine compliance.

Certification statement:
Based on my examination, including a review of the appropriate records and of the actuarial assumptions of and methods used by *[insert accountable health plan name]* in establishing base premium rates, index rates and premium rates for small employer health benefits plans for calendar year 2010, I certify that:

- *[Insert accountable health plan name]* is in compliance with the applicable provisions of this article
- The processes are in compliance with the Actuarial Standards of Practice No. 26, and
- The rating methods are actuarially sound

Closing statement to include:
- *Contact information*
- *Signature*
- *Title*