

The Health Cost Guidelines—Reinsurance contains rating structures for reinsurance used with fee-for-service or managed care plans provided to commercial or Medicare enrollees. This rating structure can be used to anticipate future claim levels, evaluate past experience, and establish relationships between health coverage levels.

The Reinsurance volume has numerous features, including:

- Worksheets for pricing both commercial and Medicare-based products
- Geographic area factors that vary by deductible level
- Adjustment factors for dealing with the effects of trend leveraging associated with high deductibles
- Guidance on the cost impact of hospital efficiency adjustments, which account for differences in geographic area, per-diem maximums, discounts from billed charges, and overall management of the delivery system
- Adjustments for other high-cost services, including transplants, neonatal services, and AIDS treatment
- Claim costs for an unlimited lifetime maximum and deductibles up to \$10,000,000 to be consistent with benefits required by the Patient Protection and Affordable Care Act

An electronic version of the Guidelines in Adobe Acrobat format is included with each license, along with several other tables and worksheets in Microsoft Excel® format. Rating worksheets and adjustment factors used in pricing can be easily looked up and selectively printed to make documentation more convenient.

Benefit Descriptions

The Reinsurance volume is designed to aid the pricing of high-deductible plans. A detailed description of the covered services is provided.

Commercial Rating

The Commercial Rating section is designed to allow for maximum ease of use and accuracy in rating. The rating section is organized as follows:

- **Basic plan design**—The initial steps involved in rating a plan deal with basic plan design features such as deductibles, coinsurance, and lifetime maximum.
- **Additional adjustments**—Adjustments are made to account for differences in geographic area, deductible trend leveraging, age/gender mix, hospital efficiency, paid/incurred contract definition, and out-of-area coverage. Additional adjustments are included for plan-specific benefit design characteristics such as transplants, neonatal claims, and AIDS treatment.
- **Final claim costs**—The final claim costs can be split into employee, spouse, and child costs. Furthermore, costs can be split out by tier for plans with as many as five tiers.

Medicare Rating

The Medicare Rating takes a similar approach to the rating steps as in the Commercial Rating section but also takes into account items specific to Medicare. The Medicare Rating section provides claim development for all benefits, Medicare Part A benefits only, or Medicare Supplement including prescription drugs.

Basic Tables

The Basic Tables section provides several tables for the starting claim costs for both commercial and Medicare populations. In addition, the section contains the various adjustment factors for deductible leveraging, area, trend, hospital efficiency, and others applicable to commercial and Medicare services.

Other Factors

Several other factors that may significantly affect reinsurance claim costs are discussed in the Other Factors section, including AIDS, Hepatitis C, and underwriting considerations.

Area Factors

Separate Area Factors are provided for commercial and Medicare populations as well as by deductible level. The Area Factors correspond to Metropolitan Statistical Areas within states.

Claim Probability Distributions

Several Claim Probability Distributions are provided for commercial and Medicare benefits. Multiple distributions are supplied to reflect different levels of underlying enrollee cost sharing.



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