



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
25 BEAVER STREET
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George E. Pataki
Governor

Gregory V. Serio
Superintendent

**Circular Letter No. 24 (2002)
November 1, 2002**

TO: All Public Health Law Article 44 Health Maintenance Organizations and Pre-paid Health Service Plans, Insurance Law Article 43 Corporations and other insurers ("Insurers") eligible to participate in the New York State Child Health Insurance Plan ("Plan")

RE: Child Health Insurance Plan Premium Rate Adjustment Applications

STATUTORY REFERENCE: Insurance Law Sections 1109, 1120 and 4308(b) and Public Health Law Section 2511

The Department has become aware that some insurers participating in the Child Health Insurance Plan program have failed to react timely to changes in cost and utilization experience and have delayed the filing of necessary premium rate adjustments. Recent rate adjustment applications indicate a pattern of large rate increase requests after deteriorating results have continued for a significant length of time. It is the responsibility of management to provide adequate resources to monitor the results of the Plan and to provide credible support for the requested adjustment. Monitoring premium adequacy should be an on-going process whereby more modest periodic rate adjustments are requested instead of larger rate adjustment requests which are designed to 'catch-up' the rate due to prior year rate inadequacies. The Department advises those insurers that have not submitted a rate adjustment application within the last twelve months to review the operating results of their Plan business to determine premium adequacy and, when necessary, initiate the rate adjustment process for this line of business.

Questions regarding this Circular Letter may be addressed to Mary Lee Kreuter, Assistant Chief Examiner, Health Bureau at 212-480-5240 or mkreuter@ins.state.ny.us

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