



Funding Arrangements

A Full Complement of Funding Arrangements for Groups of Any Size

GHI offers the full complement of funding arrangements: Community Rating for groups with fewer than 51 eligible enrollees, Experience Rating for groups with 51 or more eligible enrollees, and Deferred Premium Arrangements for eligible groups with retrospective Experience Rating that have more than 500 eligible enrollees. GHI also offers Administrative Services Only (ASO) arrangements for self-insured groups. And if you have a special situation, be sure to talk to your GHI representative — we want to create a plan that works for you.

Funding Arrangements to Meet Every Company's Needs

Cost controls are key in today's economy. Groups are looking to set premiums for their health coverage and to plan and budget for future claims. GHI has funding arrangements that meet their needs.

Community Rating

This methodology uses the overall medical cost per plan to arrive at a standard premium rate. GHI's community-rated business includes all groups with fewer than 51 eligible enrollees and all groups enrolled in the GHI HMO product.

Experience Rating

GHI uses historical claims experience as the basis for projecting future claims and determining premium. This methodology is generally available for groups of 51 or more eligible enrollees. GHI experience-rated arrangements include individual high-claims pooling to protect groups against the effects of catastrophic claims.

- **Prospective Rating:** Available to groups with between 51 and 499 eligible enrollees, prospective rating evaluates the anticipated claims experience for a future policy period, based upon the group's actual experience and the performance of the GHI pool for similar businesses. The cost of the plan is determined and fixed in advance of the policy period. The group is not eligible for any retroactive rate refunds, and losses (deficits) are not carried forward.

- **Retrospective Rating:** Available to groups of 500 or more eligible enrollees, the retrospective rating methodology evaluates and measures historical claims data in order to estimate future costs of providing benefits, based on the group's actual experience. The group is eligible for retroactive rate refunds when earned premium exceeds the plan's overall expenses.

Deferred Premium

A cash-flow mechanism for eligible groups with retrospective Experience Rating, this arrangement allows the group to remit a percentage of the gross monthly earned premium, called the "payment rate." The difference between the payment rate and the gross earned premium rate is "callable" by GHI at a later date, depending upon claims experience and other factors.

Administrative Services Only (ASO)

Available to self-insured hospital, medical, dental, prescription drug, and managed mental health/chemical dependency groups with 250 or more eligible enrollees, this arrangement enhances cash flow by allowing the group to reimburse GHI solely on the basis of paid claims plus administrative fees.

This describes the most common conventional and alternative funding arrangements offered by GHI. Please ask your representative about special arrangements that might be more suitable to your company's situation.

GHI offers conventional and alternative funding arrangements and will consider special funding arrangements as requested by prospective customers — including ASO self-insurers — contingent upon group size.

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