



OFFICE OF
INSURANCE COMMISSIONER

Memorandum

TO: All Health Carriers

SUBJECT: Minimum Deductible and Out-of-Pocket Expense Required for a Catastrophic Health Plan for Calendar Year 2013

DATE: July 17, 2012

The Office of the Insurance Commissioner is required by RCW 48.43.005(5) to provide the calculation of the minimum deductible and out-of-pocket expense for catastrophic health plans for calendar year 2013. The calculation methodology is shown below, and the adjustment is applicable to all new and renewed individual catastrophic contracts for the calendar year deductible period of January 1, 2013 through December 31, 2013.

As directed by the statute, the specific Consumer Price Index (CPI) series to be used is the medical care CPI, not seasonally adjusted, for all urban consumers in the Seattle-Tacoma-Bremerton area. The data is located on the [Bureau of Labor Statistics](#) (BLS) website, using the series ID [CUURA423SAM](#).

For new and renewed contracts effective in 2013, the inflation adjustment is calculated as follows:

CPI for June 2011 = 355.578
CPI for June 2012 = 372.800
Adjustment factor = 1.048

For a catastrophic health plan contract, agreement, or policy covering a single enrollee, the deductible in 2013 must be at least \$1,880 x 1.048, or **\$1,970** (rounded to the nearest \$10). The out-of-pocket expense in 2013 must be at least **\$3,940** (two times the deductible of a single enrollee).

For a catastrophic health plan contract, agreement, or policy covering more than one enrollee, the deductible in 2013 must be at least **\$3,940** (two times the deductible of a single enrollee). The out-of-pocket expense in 2013 must be at least \$6,450 x 1.048, or **\$6,760**.

Carriers may update their current catastrophic health plans to comply with these changes by filing a blanket endorsement for all plans. The blanket endorsement must be accompanied by a list of all impacted policy forms. Application forms should also be revised and refiled to reflect appropriate changes. The effective date of the endorsement and revised application forms should be January 1, 2013.

Carriers that file complete contracts with an effective date of January 1, 2013 may incorporate the prescribed amounts into those contracts in lieu of filing a blanket endorsement.

Please note that endorsements or revised contracts that include amounts higher than those prescribed above will be considered replacement coverage according to the terms of RCW 48.43.038(3)(c).

If you have any questions, please contact [Janis LaFlash](#) - (360) 725-7119, or [Lichiou Lee](#) - (360) 725-7128.