

HB 1546 -- Review of Health Insurance Premium Rates

Sponsor: Kirkton

Beginning July 1, 2012, every health carrier that issues a health benefit plan form must file its premium rates, classification of risks relevant to the form, and sufficient information to support the premium to be charged to an enrollee or policyholder with the Director of the Department of Insurance, Financial Institutions and Professional Registration no later than 60 days prior to the premium effective date. Each rate filing must include the product form number and the approval date of the form to which the form applies, an actuarial justification, and information sufficient to support the rate including explanations that can be validated by a qualified member of the American Academy of Actuaries (MAAA). A rate filing from a health carrier must be submitted by a MAAA-qualified actuary that certifies by a conclusive statement and supporting documentation that the rates are not excessive, inadequate, or unfairly discriminatory.

All health benefit plan premium rates must consider and be in accordance with past and prospective losses, current and projected loss ratios, past and prospective losses, health services utilization trend projections, current and projected per enrollee per month premium allocations, three year rate increase history, and adequacy of contingency reserves. Any risk classification, premium rates, and all modifications cannot establish an excessive, inadequate, or unfairly discriminatory rate. An excessive rate is a rate that is unreasonably high for the insurance coverage provided and an inadequate rate is a rate that is unreasonably low for the insurance coverage provided and is insufficient to sustain projected losses and expenses. A rate that is unfairly discriminatory is an unfair trade practice.

The department director must review proposed health premium rates and express an opinion as to whether or not the rates are excessive, inadequate, or unfairly discriminatory within 30 days of the health carrier's rate filing. All rates and supplementary rate information must be open to public inspection.

The bill contains an emergency clause.