

FIRST REGULAR SESSION

HOUSE BILL NO. 891

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCNEIL.

1209H.021

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 376, RSMo, by adding thereto two new sections relating to health insurance premium rate reviews.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 376, RSMo, is amended by adding thereto two new sections, to be known as sections 376.465 and 376.466, to read as follows:

376.465. 1. As used in this section, the following terms mean:

(1) "Department", the department of insurance, financial institutions and professional registration;

(2) "Director", the director of the department of insurance, financial institutions and professional registration;

(3) "Enrollee", a policyholder, subscriber, covered person, or other individual participating in a health benefit plan;

(4) "Health benefit plan", the same meaning as such term is defined in section 376.1350;

(5) "Health carrier", the same meaning as such term is defined in section 376.1350;

(6) "Significant increase", a rate increase exceeding the rate increases contemplated in 42 U.S.C. Section 300gg-94 and outlined in any regulations promulgated under the authority granted therein.

2. Beginning September 1, 2015, every health carrier issuing a health benefit plan form which is submitted for approval under section 354.085, 354.405, 376.405, or 376.777 shall file with the director its premium rates and classification of risks pertaining to such form together with sufficient information to support the premium to be charged. Such

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in bold-face type in the above bill is proposed language.

18 premium rates, classification of risks, and all modifications thereof shall be filed with the
19 director no later than sixty days prior to their effective date. Plan forms, rate filings, and
20 supporting data included in the definition of public record under section 610.010 shall be
21 posted and available to the public on the department's website.

22 **3. Each rate filing shall include:**

23 **(1) The product form number or numbers and approval date of the product form**
24 **or forms to which the rate applies;**

25 **(2) A statement of actuarial justification; and**

26 **(3) Information sufficient to support the rate including, but not limited to:**

27 **(a) All factors that could be considered in calculating the premium to be paid for**
28 **a health benefit plan;**

29 **(b) An appropriate explanation for each factor; and**

30 **(c) Any other information which would be needed to enable any other actuary who**
31 **is a specifically qualified Member of the American Academy of Actuaries (MAAA) to**
32 **validate the rates and associated factors.**

33 **4. A rate filing required under this section shall be submitted by a qualified actuary**
34 **representing the health carrier. The qualified actuary shall be a specifically qualified**
35 **Member of the American Academy of Actuaries. The statement by the qualified actuary**
36 **shall:**

37 **(1) Certify that to the best of the actuary's knowledge and belief the rates are not**
38 **excessive, inadequate, or unfairly discriminatory;**

39 **(2) State the basis for such conclusion; and**

40 **(3) Attach all documentary material considered in reaching such conclusion.**

41 **5. All premium rates for health benefit plans shall be made in accordance with the**
42 **following provisions and due consideration shall be given to:**

43 **(1) Past and prospective loss experience;**

44 **(2) Current and projected loss ratio;**

45 **(3) Past and prospective expenses;**

46 **(4) Trend projections related to utilization and service or unit costs;**

47 **(5) Per enrollee per month allocation of current and projected premium;**

48 **(6) Three year history of rate increases for products subject to the rate increase;**

49 **and**

50 **(7) Adequacy of contingency reserves.**

51 **6. No risk classification, premium rate, or any modification thereof shall establish**
52 **an excessive, inadequate, or unfairly discriminatory rate. No rate shall be held to be**
53 **excessive unless such rate is unreasonably high for the insurance coverage provided. No**

54 rate shall be held to be inadequate unless such rate is unreasonably low for the insurance
55 coverage provided and is insufficient to sustain projected losses and expenses. Unfair
56 discrimination shall have the same meaning as such term is defined in paragraph (b) of
57 subdivision (11) of section 375.936.

58 7. In accordance with the procedures set forth in section 376.466, the director shall
59 review the proposed rates, the information submitted in support of the proposed rates, and
60 any supplemental information requested by the director or otherwise submitted to the
61 director regarding the proposed rates and make a determination as to whether the rates
62 are appropriate, excessive, inadequate, or unfairly discriminatory within thirty days from
63 the date of the filing by the carrier.

64 8. The director may promulgate rules to implement the provisions of this section.
65 Such regulations may, among other things, clarify or explain the form and content of the
66 information required to be submitted under this section. Any rule or portion of a rule, as
67 that term is defined in section 536.010, that is created under the authority delegated in this
68 section shall become effective only if it complies with and is subject to all of the provisions
69 of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are
70 nonseverable, and if any of the powers vested with the general assembly pursuant to
71 chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are
72 subsequently held unconstitutional, then the grant of rulemaking authority and any rule
73 proposed or adopted after the effective date of this section shall be invalid and void.

376.466. 1. Within ten days of the date the health carrier files for approval of a
2 significant rate increase, the director shall set a date for a public hearing on the proposed
3 significant rate increase. The hearing shall be held no later than fifty days after the
4 department receives the filing from the health carrier. The health carrier shall provide
5 timely notice of the hearing to all affected enrollees and policyholders. Such notice shall
6 provide that affected enrollees and policyholders may testify at the hearing. The director
7 shall provide a copy of any information filed by the carrier under subsection 2 of section
8 376.465 to any person making a written request for the information. At the hearing, the
9 health carrier may provide additional information in support of its proposed significant
10 rate increase, and any member of the public may provide information in support of or in
11 opposition to the proposed significant rate increase.

12 2. The director shall solicit public comments on each proposed significant rate
13 increase.

14 3. Within twenty days of the hearing described in subsection 1 of this section, the
15 director shall review all of the information submitted to determine whether the proposed
16 significant rate increase is justified. No rate shall be considered justified that is excessive,

17 **inadequate, or unfairly discriminatory. If the director determines that the rate is justified,**
18 **the director shall issue an order authorizing the carrier to use the premium rate as**
19 **proposed. If the director determines that the rate is not justified, the director shall issue**
20 **an order prohibiting the use of the premium rate as proposed. The health carrier, or an**
21 **enrollee or policyholder under section 376.467, may appeal the director's decision under**
22 **chapter 536.**

23 **4. Within ten days of the director's decision and notice to the health carrier of such**
24 **decision, the health carrier shall notify in writing all affected enrollees and policyholders**
25 **of the determination of the director regarding the premium rate increase.**

26 **5. The director shall adopt regulations to implement the provisions of section**
27 **376.465 and this section. Any rule or portion of a rule, as that term is defined in section**
28 **536.010, that is created under the authority delegated in this section shall become effective**
29 **only if it complies with and is subject to all of the provisions of chapter 536 and, if**
30 **applicable, section 536.028. This section, section 376.465, and chapter 536 are**
31 **nonseverable, and if any of the powers vested with the general assembly pursuant to**
32 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
33 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
34 **proposed or adopted after the effective date of this section shall be invalid and void.**

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