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## SENATE JOINT RESOLUTION NO. 50

Offered January 10, 2018

Prefiled January 10, 2018

*Requesting the State Corporation Commission to study the adequacy of the existing process for review and approval of accident and sickness insurance premiums. Report.*

Patron—Deeds

Referred to Committee on Rules

WHEREAS, § 38.2-316.1 of the Code of Virginia, enacted in 2013, directs the State Corporation Commission (the Commission) to review and approve accident and sickness insurance premium rates applicable to (i) health benefit plans issued in the Commonwealth in the individual and small group markets and (ii) health benefit plans providing health insurance coverage in the individual market to residents of the Commonwealth through a group trust, association, purchasing cooperative, or other group that is not an employer plan; and

WHEREAS, pursuant to § 38.2-326 of the Code of Virginia, the Commission, with the assistance of the Virginia Department of Health, performs plan management functions required to certify health benefit plans and stand-alone dental plans for participation in the federal health benefit exchange established by the Secretary of the U.S. Department of Health and Human Services pursuant to § 1321 of the Patient Protection and Affordable Care Act (the ACA), codified at 42 U.S.C. § 18041; and

WHEREAS, § 38.2-3447 of the Code of Virginia requires a health carrier offering a health benefit plan providing individual or small group health insurance coverage to develop its premium rates on the basis of (a) whether the health benefit plan covers an individual or family, (b) rating areas as may be established by the Commission, (c) age, and (d) tobacco use; and

WHEREAS, according to an analysis of the rate review processes of all 50 states conducted by Consumers Union in 2016, Virginia's rate review process was described as "file and use" in the individual and small group markets, subject to the authority of the Commissioner of Insurance to disapprove a form if he finds the benefits are unreasonable in relation to premium charged; and

WHEREAS, turmoil in the health insurance markets in the Commonwealth in 2017, epitomized by the withdrawal of insurers and questions about the continuance of funding federal cost sharing reduction payments, resulted in premium increases of 195 percent to 247 percent for individual policies offered on the federal health benefit exchange in the City of Charlottesville and the Counties of Albemarle, Fluvanna, and Greene for purchasers ineligible for federal subsidies; and

WHEREAS, the medical loss ratio provision of the ACA requires most insurance individual and small business health benefit plans to spend at least 80 percent of their premium income on health care claims and quality improvement and not more than 20 percent on administration, marketing, and profit; and

WHEREAS, analyses of the effectiveness of the current rate review process and of potential improvements to the process are critical to determining whether the Commonwealth's rate review and approval process is effective in preventing or limiting unnecessary or excessive health insurance premium increases; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the State Corporation Commission be requested to study the adequacy of the existing process for review and approval of accident and sickness insurance premiums. In conducting its study, the Commission shall (1) determine if its current rate review and approval process is the most effective process to ensure that premiums for accident and sickness insurance do not exceed the minimum level required to attract insurers to offer policies in the individual and small group markets, (2) articulate the standards used by the Commission in determining when an insurer's proposed premiums will be denied as excessive and the authority of the Commission to negotiate lower premiums that would otherwise be subject to denial, (3) examine the rate review and approval processes and standards of other states and determine if a process implemented or standard adopted in another state is more effective than Virginia's at protecting residents from increases in accident and sickness insurance premiums, (4) analyze whether insurers' medical loss ratio data is being used as effectively as possible by the Commission in determining whether proposed premiums should be approved, and (5) determine if statutory or regulatory changes are required in order to give the Commission the authority to implement any changes to its rate review and plan management functions that will further the objective of ensuring that the premiums for accident and sickness insurance in the individual and small group markets in the Commonwealth, offered both on and off the federal health benefit exchange, are no higher than is necessary to attract sufficient insurers to offer

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59 these health plans in all areas of the Commonwealth.

60 The State Corporation Commission shall complete its meetings by November 30, 2018, and shall  
61 submit to the Governor and the General Assembly an executive summary and a report of its findings  
62 and recommendations for publication as a House or Senate document. The executive summary and  
63 report shall be submitted as provided in the procedures of the Division of Legislative Automated  
64 Systems for the processing of legislative documents and reports no later than the first day of the 2019  
65 Regular Session of the General Assembly and shall be posted on the General Assembly's website.