

State Corporation Commission

2019 Fiscal Impact Statement

1. Bill Number: SB1734

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron: Deeds

3. Committee: Commerce and Labor

4. Title: Health policies; variances in area rating factors.

5. Summary: Requires a rate filing by a health carrier that proposes rates in rating area that exceed the average of the proposed rates over all rating areas by more than 15 percent to include a comparison of the area rating factor for comparable individual and small group plans and a disclosure of the area rating factor methodology. In addition, to the extent that the health carrier is deriving any area rating factor from experience data, the measure requires the health carrier to provide additional information, including a claims breakdown by provider for any provider exceeding 30 percent of total claims for that area. The measure requires the State Corporation Commission to hold a public hearing before approving such proposed rates. The measure also bars the Commission from approving such a proposed rate filing if the comparison of the area rating factors for comparable individual and small group plans establishes that a variance of 15 percent exists between the area rating factors for plans offered in the individual market and plans offered in the small group market. Finally, the measure imposes requirements for quarterly reporting if the health carrier had an area rating factor that exceeded the average of the premium rates among all rating areas in which it offers health benefit plans by more than 30 percent in 2019.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission

8. Fiscal Implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: See Item 11.

11. Other comments: The State Corporation Commission Bureau of Insurance understands that Senate Bill 1734 is meant to address concerns raised in recent years regarding rate increases in the health insurance markets. The Bureau of Insurance, however, has notified the patron of Senate Bill 1734 of concerns that may impact its ability to administer the bill as currently written. In addition, some provisions of Senate Bill 1734 would also necessitate changes to the rate review process that may jeopardize the ability of the Bureau of Insurance to complete its rate review process in compliance with federal time deadlines.

House Bill 2770 is identical to Senate Bill 1734.

Date: 01/29/19/V. Tompkins