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## SENATE BILL NO. 1734

Offered January 17, 2019

A *BILL to amend and reenact § 38.2-3447 of the Code of Virginia, relating to restrictions relating to accident and sickness insurance premium rates; variances in area rating factors.*

Patrons—Deeds; Delegate: Toscano

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That § 38.2-3447 of the Code of Virginia is amended and reenacted as follows:**

**§ 38.2-3447. Restrictions relating to premium rates.**

A. Notwithstanding any provision of § 38.2-3432.2, 38.2-3501, 38.2-4306, or any other section of this title to the contrary, a health carrier offering a health benefit plan providing individual or small group health insurance coverage shall develop its premium rates based on the following:

1. Whether the health benefit plan covers an individual or family;
2. Rating areas, as may be established by the Commission;
3. Age, except that the rate shall not vary by more than 3 to 1 for adults; and
4. Tobacco use, except that the rate shall not vary by more than 1.5 to 1.

B. A premium rate shall not vary with respect to any particular health benefit plan by any other factor not described in subsection A.

C. Rating variations for family coverage shall be applied based on the portion of the premium that is attributable to each family member covered under the health benefit plan.

D. *If the proposed premium rates set forth in a filing by a health carrier for a rating area exceed by more than 15 percent the average of the proposed premium rates among all rating areas in which the health carrier offers health benefit plans, then:*

1. *The health carrier's filing shall include:*

a. *A comparison of the area rating factor for individual and small group plans that are comparable in structure and networks to the plans that are subject to the filing;*

b. *A detailed disclosure of the area rating factor methodology, which disclosure shall include any third-party resources or representations from a person other than the signing actuary, on which the health carrier relied, provided that disclosure of third-party resources shall address that the source data only reflects differences in unit cost and provider practice patterns; and*

c. *To the extent that the health carrier is deriving any area rating factor from experience data, by geographic market for the experience period used:*

(1) *The total enrollment, total premiums, allowed claims, incurred claims, and medical loss ratio for each of their geographic markets; and*

(2) *A claims breakdown by provider for any provider exceeding 30 percent of total claims for that area.*

2. *The Commission shall hold a public hearing on the proposed premium rates prior to their approval.*

3. *The Commission shall not approve the proposed rate filing if the comparison of the area rating factors for individual and small group plans that are comparable in structure and networks to the plans that are subject to the filing establishes that a variance of 15 percent or more exists between the area rating factors for plans offered in the individual market and plans offered in the small group market.*

E. *Each health carrier that in plan year 2019 had an area rating factor that exceeded the average of the premium rates among all rating areas in which the health carrier offers health benefit plans by more than 30 percent shall file with the Commission for each calendar quarter during the plan year a report that provides, by type of market and for each geographic market in which the health carrier offers health plans, the plan's (i) enrollment, (ii) total premiums, (iii) allowed claims, (iv) incurred claims; (v) medical loss ratio, and (vi) claims breakdown for each provider exceeding 30 percent of total claims for that area. The health carrier shall make each such quarterly report available to the public, without redaction, not later than 45 days after the end of the calendar quarter.*