

State Corporation Commission

2019 Fiscal Impact Statement

1. **Bill Number:** HB2770

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Murphy

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 area rate factors in the individual or small group market that exceed the weighted average of the proposed area rate factors among all rating areas by more than 15 percent to include, in publicly available and unredacted form, a comparison of the area rate factor for individual and small group plans that are comparable in structure and a disclosure of the area rate factor methodology. In addition, to the extent that the health carrier is deriving any area rate factor from experience data, the measure requires the health carrier to provide additional information, including aggregated incurred claims for any provider exceeding 30 percent of total claims for the rating area that market. 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 (i) a variance in area rate factors, indexed to the same rating region for both the individual and small group markets, of 15 percent or more exists between health benefit plans a carrier intends to offer in the individual market and health benefit plans intended to be offered in the small group market, when those plans are comparable in structure and provider networks; and (ii) the methodologies used to calculate the area rate factors are different between the two markets. The measure provides that beginning for plan year 2020, a health carrier with an approved rate filing that contains at least one area rate factor that exceeds by more than 25 percent the weighted average of the area rate factors among all rating areas in a market in which the health carrier offers individual or small group health insurance coverage shall file with the Commission for each calendar quarter during that plan year a report that provides, for each rating area within the market in which the health carrier operates, the plan's enrollment, total premiums, allowed claims, incurred claims excluding anticipated or, if available, actual risk adjustment payments or receipts, incurred claims including anticipated or, if available, actual risk adjustment payments or receipts, loss ratio, and aggregate claims, for each provider exceeding 25 percent of total claims for that rating area. The health carrier shall make each such quarterly report publicly available, without redaction, not later than 45 days after the end of the calendar quarter.

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: No

11. Other comments: The State Corporation Commission Bureau of Insurance worked with the patron on the provisions of the amendment in the nature of a substitute to House Bill 2770.

Senate Bill 1734 is identical to House Bill 2770.

Date: 02/10/19/V. Tompkins