L.D. 225

Date: (Filing No. H-)

INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE

HOUSE OF REPRESENTATIVES

126TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT " " to H.P. 186, L.D. 225, Bill, "An Act To Restore Consumer Rate Review for Health Insurance Plans in the Individual and Small Group Markets"

Amend the bill by striking out the title and substituting the following:

'An Act To Restore Consumer Rate Review for Health Insurance Plans in the Individual Market'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'**Sec. 1. 24-A MRSA §2735-A, sub-§1,** as amended by PL 2011, c. 364, §1, is further amended to read:

1. Notice of rate filing or rate increase on existing policies. An insurer offering individual health plans as defined in section 2736-C must provide written notice by first class mail of a rate filing to all affected policyholders at least 60 days before the effective date of any proposed increase in premium rates or any proposed rating formula, classification of risks or modification of any formula or classification of risks. ~~Except as otherwise provided in section 2736-C, subsection 2-B, the~~ The notice must also inform policyholders of their right to request a hearing pursuant to section 229. The notice must show the proposed rate and~~, unless otherwise provided in section 2736-C, subsection 2-B,~~ state that the rate is subject to regulatory approval. ~~Except as otherwise provided in section 2736-C, subsection 2-B, the~~ The superintendent may not take final action on a rate filing until 40 days after the date notice is mailed by an insurer. An increase in premium rates may not be implemented until 60 days after the notice is provided or until the effective date under section 2736, whichever is later.

Sec. 2. 24-A MRSA §2736-A, first ¶, as amended by PL 2011, c. 364, §2, is further amended to read:

If at any time the superintendent has reason to believe that a filing does not meet the requirements that rates not be excessive, inadequate or unfairly discriminatory or that the filing violates any of the provisions of chapter 23, the superintendent shall cause a

hearing to be held. If a filing proposes an increase in rates in an individual health plan as defined in section 2736-C, the superintendent shall cause a hearing to be held ~~at the request of the Attorney General~~. In any hearing conducted under this section, the insurer has the burden of proving rates are not excessive, inadequate or unfairly discriminatory.

Sec. 3. 24-A MRSA §2736-C, sub-§2-B, as amended by PL 2011, c. 364, §7, is further amended to read:

2-B. Rate filings; credible health plans. ~~Notwithstanding section 2736, subsection 1 and section 2736-A, at the carrier's option, rate~~ Rate filings for ~~a carrier's credible block of~~ individual health plans ~~may~~ must be filed in accordance with this subsection. ~~Rates filed in accordance with this subsection are filed for informational purposes unless rate review is required pursuant to the federal Affordable Care Act.~~

A. A carrier's individual health plans are considered credible if the anticipated average number of members during the period for which the rates will be in effect meets standards for full or partial credibility pursuant to the federal Affordable Care Act. The rate filing must state the anticipated average number of members during the period for which the rates will be in effect and the basis for the estimate. ~~If the superintendent determines that the number of members is likely to be less than needed to meet the credibility standard, the filing is subject to section 2736, subsection 1 and section 2736-A.~~

B. On an annual schedule as determined by the superintendent, the carrier shall file a report with the superintendent showing the calculation of rebates as required pursuant to the federal Affordable Care Act, except that the calculation must be based on a minimum medical loss ratio of 80% if the applicable federal minimum for the individual market in this State is lower. If the calculation indicates that rebates must be paid, the carrier must pay the rebates in the same manner as is required for rebates pursuant to the federal Affordable Care Act.

Sec. 4. 24-A MRSA §2736-C, sub-§5, as amended by PL 2011, c. 90, Pt. D, §3, is further amended to read:

5. Loss ratios. ~~Except as provided in subsection 2-B, for~~ For all policies and certificates issued on or after the effective date of this section, the superintendent shall disapprove any premium rates filed by any carrier, whether initial or revised, for an individual health policy unless it is anticipated that ~~the aggregate benefits estimated to be paid under all the individual health policies maintained in force by the carrier for the period for which coverage is to be provided will return to policyholders at least 65% of the aggregate premiums collected for those policies~~ the minimum medical loss ratio satisfies the requirements for individual health plans in section 4319, as determined in accordance with accepted actuarial principles and practices and on the basis of incurred claims experience and earned premiums. For the purposes of this calculation, any payments paid pursuant to former section 6913 must be treated as incurred claims.

Sec. 5. Application. This Act applies to individual health plan rate filings submitted by a carrier to the Department of Professional and Financial Regulation, Bureau of Insurance pursuant to the Maine Revised Statutes, Title 24-A, sections 2736 and 2736-C for the 2015 plan year and thereafter.

Sec. 6. Appropriations and allocations. The following appropriations and allocations are made.

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Insurance - Bureau of 0092

Initiative: Allocates funds for the costs of conducting hearings, including advertising, reporting services, room rentals, travel reimbursement and contractual actuarial services.

OTHER SPECIAL REVENUE FUNDS	**2013-14**	**2014-15**
All Other	$17,000	$17,000
OTHER SPECIAL REVENUE FUNDS TOTAL	$17,000	$17,000

SUMMARY

This amendment is the majority report of the committee and replaces the bill. The amendment does the following.

1. The amendment restores the statutory process for advance review and prior approval of individual health insurance rates and rescinds the changes to the rate review process for individual health insurance made by Public Law 2011, chapter 90.

2. The amendment requires the Superintendent of Insurance to hold a hearing if a filing proposes an increase in rates in individual health insurance plans.

3. The amendment removes the provisions in the bill that relate to small group health insurance and the provision that requires the superintendent to hold meetings in at least 3 locations to allow public comment as part of any hearing.

4. The amendment makes references to the minimum medical loss ratio for individual health plans consistent with federal law.

5. The amendment removes cross-references to reflect the changes to the rate review process.

6. The amendment also clarifies that the changes apply to individual health plan rate filings submitted to the Department of Professional and Financial Regulation, Bureau of Insurance beginning with the 2015 plan year.

7. This amendment adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)