

SECOND REGULAR SESSION

HOUSE BILL NO. 2211

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCNEIL.

5351H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 376, RSMo, by adding thereto three new sections relating to health insurance premium rate reviews.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 376, RSMo, is amended by adding thereto three new sections, to be known as sections 376.465, 376.466, and 376.469, to read as follows:

376.465. 1. As used in sections 376.465 and 376.466, the following terms mean:

(1) "Department", the department of insurance, financial institutions and professional registration;

(2) "Director", the director of the department of insurance, financial institutions and professional registration;

(3) "Enrollee", a policyholder, subscriber, covered person, or other individual participating in a health benefit plan;

(4) "Health benefit plan", the same meaning as such term is defined in section 376.1350;

(5) "Health carrier", the same meaning as such term is defined in section 376.1350.

2. Beginning January 1, 2017, every health carrier issuing a health benefit plan form that is submitted for approval under section 354.085, 354.405, 376.405, or 376.777 shall file with the director its premium rates and classification of risks pertaining to such form, together with sufficient information to support the premium to be charged. Such premium rates, classification of risks, and all modifications thereof shall be filed with the director no later than sixty days prior to their effective date. Plan forms, rate filings, and supporting data included in the definition of public record under section 610.010 shall be

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 posted and available to the public on the department's website. The director shall make
19 all portions of premium rate filings that are open records available on the department's
20 website within ten business days after the filing is submitted. Information that is a trade
21 secret, of a proprietary nature, or both shall not be an open record. The director shall
22 provide a means by which the public can submit written comments concerning the filed
23 premium rates for a period as determined by the director. In no event shall such comment
24 period be less than twenty days.

25 3. Each rate filing shall be submitted electronically and shall include:

26 (1) The product form number or numbers and approval date of the product form
27 or forms to which the rate applies;

28 (2) A statement of actuarial justification; and

29 (3) Information sufficient to support the rate including, but not limited to:

30 (a) All factors that could be considered in calculating the premium to be paid for
31 a health benefit plan;

32 (b) An appropriate explanation for each factor; and

33 (c) Any other information that would be needed to enable any other actuary who
34 is a specifically qualified Member of the American Academy of Actuaries (MAAA) to
35 validate the rates and associated factors.

36 4. A health carrier required to file the information described under subsection 2
37 of this section may submit a single combined justification for premium rate increases
38 subject to review affecting multiple products if the claims experience of all products has
39 been aggregated to calculate the premium rate increases and the premium rate increases
40 are the same for all products.

41 5. A rate filing required under this section shall be submitted by a qualified actuary
42 representing the health carrier. The qualified actuary shall be a specifically qualified
43 Member of the American Academy of Actuaries. The statement by the qualified actuary
44 shall:

45 (1) Certify that, to the best of the actuary's knowledge and belief, the rates are not
46 excessive, inadequate, or unfairly discriminatory;

47 (2) State the basis for such conclusion; and

48 (3) Attach all documentary material considered in reaching such conclusion.

49 6. All premium rates for health benefit plans shall be made in accordance with the
50 following provisions and due consideration shall be given to:

51 (1) Past and prospective loss experience;

52 (2) Current and projected loss ratio;

53 (3) Past and prospective expenses;

- 54 **(4) Trend projections related to utilization and service or unit costs;**
55 **(5) Per enrollee per month allocation of current and projected premium;**
56 **(6) Three-year history of rate increases for products subject to the rate increase;**
57 **and**
58 **(7) Adequacy of contingency reserves.**

59 **7. Except as provided under section 376.466, no risk classification, premium rate,**
60 **or any modification thereof shall establish an excessive, inadequate, or unfairly**
61 **discriminatory rate. No rate shall be held to be excessive unless such rate is unreasonably**
62 **high for the insurance coverage provided. No rate shall be held to be inadequate unless**
63 **such rate is unreasonably low for the insurance coverage provided and is insufficient to**
64 **sustain projected losses and expenses. Unfair discrimination shall have the same meaning**
65 **as such term is defined in paragraph (b) of subdivision (11) of section 375.936.**

66 **8. In accordance with the procedures set forth in section 376.466, the director shall**
67 **review the proposed rates, the information submitted in support of the proposed rates, and**
68 **any supplemental information requested by the director or otherwise submitted to the**
69 **director regarding the proposed rates and, if applicable, provide a notice of deficiencies**
70 **containing detailed reasons for the director's finding that the proposed premium rate is**
71 **excessive, inadequate, unjustified, or unfairly discriminatory. Such notice shall be**
72 **provided within sixty days from the date of the filing by the carrier.**

73 **9. The director may promulgate rules to implement the provisions of this section.**
74 **Such regulations may, among other things, clarify or explain the form and content of the**
75 **information required to be submitted under this section. Any rule or portion of a rule, as**
76 **that term is defined in section 536.010, that is created under the authority delegated in this**
77 **section shall become effective only if it complies with and is subject to all of the provisions**
78 **of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**
79 **nonseverable, and if any of the powers vested with the general assembly pursuant to**
80 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
81 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
82 **proposed or adopted after the effective date of this section shall be invalid and void.**

376.466. 1. An insurer may implement its proposed premium rate if it receives no
2 **notice of any deficiency from the director within the time period described under**
3 **subsection 8 of section 376.465.**

4 **2. Within thirty days of receiving a notice of deficiencies alleging that a proposed**
5 **premium rate is excessive, inadequate, unjustified, or unfairly discriminatory, the insurer**
6 **may amend its rate filing, request reconsideration based upon additional information, or**
7 **implement the proposed premium rate, unless the rate is unfairly discriminatory.**

8 **3. At the end of the thirty-day period described under subsection 2 of this section,**
9 **if the insurer implements a rate that the director has determined to be excessive,**
10 **inadequate, unjustified, or unfairly discriminatory, the director shall publish the finding**
11 **on the department's website indicating such determination.**

12 **4. (1) An insurer shall provide notice to all its enrollees, at least one time each year,**
13 **that information regarding premium rate increases for all Missouri health benefit plans**
14 **is available on the department's website. The insurer shall provide the internet address**
15 **to the web page containing such information.**

16 **(2) If an insurer plans to implement a premium rate increase, the notice required**
17 **by this section shall also include notice of such premium rate increase. The insurer shall**
18 **provide such notice no later than sixty days before the effective date of the premium rate**
19 **increase. Such notice shall also indicate that the director will evaluate the proposed**
20 **increase to the premium rate and publish a possible notice of deficiencies regarding such**
21 **premium rate on the department's website within ninety days.**

22 **5. The director shall adopt regulations to implement the provisions of this section**
23 **and sections 376.465 and 376.469. Any rule or portion of a rule, as that term is defined in**
24 **section 536.010, that is created under the authority delegated in this section shall become**
25 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**
26 **if applicable, section 536.028. This section, sections 376.465 and 376.469, and chapter 536**
27 **are nonseverable, and if any of the powers vested with the general assembly pursuant to**
28 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
29 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
30 **proposed or adopted after the effective date of this section shall be invalid and void.**

376.469. 1. Sections 376.465 and 376.466 shall not apply to any health maintenance
2 **organization. Insurers and health services corporations shall be subject to sections 376.465**
3 **and 376.466, except with respect to their health maintenance organization activities.**

4 **2. For purposes of this section, the following terms mean:**

5 **(1) "Health maintenance organization", the same meaning as such term is defined**
6 **in section 354.400;**

7 **(2) "Health services corporation", the same meaning as such term is defined in**
8 **section 354.010.**

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