

2023 -- H 5497

LC001311

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO INSURANCE -- NONPROFIT DENTAL SERVICE CORPORATIONS

Introduced By: Representatives McNamara, Donovan, Potter, Cotter, Ackerman, and Morales

Date Introduced: February 10, 2023

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-20.1 of the General Laws entitled "Nonprofit Dental Service
2 Corporations" is hereby amended by adding thereto the following section:

3 **27-20.1-23. Medical loss ratio requirements.**

4 (a) Notwithstanding any general or special law to the contrary, the health insurance
5 commissioner (the "commissioner") shall require carriers offering dental benefit plans to annually
6 submit information as required by the commissioner, which shall include the current and projected
7 medical loss ratio for in-state claims, total claims for their plans and the components of projected
8 administrative expenses and financial information, including, but not limited to:

9 (1) Income, including, but not limited to, any and all sources;

10 (2) Underwriting, auditing, actuarial, financial analysis, treasury and investment expenses;

11 (3) Marketing and sales expenses, including, but not limited to, advertising, member
12 relations, member enrollment and all expenses associated with producers, brokers and benefit
13 consultants; and

14 (4) The annual report shall contain claims operations expenses, including, but not limited
15 to, adjudication, appeals, settlements and expenses associated with paying claims. Unless otherwise
16 determined by the commissioner, the following items shall be deemed to be an administrative cost
17 expenditure for the purposes of calculating and reporting the medical loss ratio:

18 (i) Financial administration expenses;

19 (ii) Marketing and sales expenses;

- 1 (iii) Distribution expenses, including to its subsidiaries and affiliates;
- 2 (iv) Claims operations expenses;
- 3 (v) Medical administration expenses, such as disease management, care management,
- 4 utilization review and medical management activities;
- 5 (vi) Network operations expenses;
- 6 (vii) Charitable expenses;
- 7 (viii) Board, bureau or association fees;
- 8 (ix) State and federal tax expenses, including assessments; and
- 9 (x) Payroll expenses.

10 (b) If the annual medical loss ratio for in-state or total claims for their plans offered under
11 this section is less than the applicable percentage set forth in subsection (c) of this section, the
12 carrier shall refund the excess premium to its covered individuals and covered groups. A carrier
13 shall communicate within thirty (30) days to all individuals and groups that were covered under
14 plans during the relevant twelve (12) month period that such individuals and groups qualify for a
15 refund on the premium for the applicable twelve (12) month period or, if the individual or groups
16 are still covered by the carrier, a credit on the premium for the subsequent twelve (12) month period.
17 The total of all refunds issued shall equal the amount of a carrier's earned premium that exceeds
18 that amount necessary to achieve a medical loss ratio of the applicable percentage set forth in
19 subsection (c) of this section, calculated using data reported by the carrier as prescribed under
20 regulations promulgated by the commissioner. The commissioner may authorize a waiver or
21 adjustment of this requirement only if it is determined that issuing refunds would result in financial
22 impairment for the carrier.

23 (c) The medical loss ratio set forth in subsection (b) of this section shall be eighty-five
24 percent (85%).

25 SECTION 2. This act shall take effect on January 1, 2024.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE -- NONPROFIT DENTAL SERVICE CORPORATIONS

1 This act would require carriers offering dental benefit plans to annually submit information
2 which includes the current and projected medical loss ratio for claims for their plans. The medical
3 loss ratio would be eighty-five percent (85%) for determining whether insureds are due a refund or
4 premium credit in any given year.

5 This act would take effect on January 1, 2024.

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