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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO INSURANCE -- SMALL EMPLOYER HEALTH INSURANCE
AVAILABILITY ACT

Introduced By: Representative Patricia A. Serpa

Date Introduced: February 26, 2025

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-50-5 of the General Laws in Chapter 27-50 entitled "Small
2 Employer Health Insurance Availability Act" is hereby amended to read as follows:

3 **27-50-5. Restrictions relating to premium rates.**

4 (a) Premium rates for health benefit plans subject to this chapter are subject to the following
5 provisions:

6 (1) Subject to subsection (a)(2) of this section, a small employer carrier shall develop its
7 rates based on an adjusted community rate and may only vary the adjusted community rate for:

8 (i) Age; and

9 (ii) [Deleted by P.L. 2021, ch. 88, § 5 and P.L. 2021, ch. 89, § 5.]

10 (iii) Family composition.

11 (2) The adjustment for age in subsection (a)(1)(i) of this section may not use age brackets
12 smaller than five-year (5) increments and these shall begin with age thirty (30) and end with age
13 sixty-five (65).

14 (3) The small employer carriers are permitted to develop separate rates for individuals age
15 sixty-five (65) or older for coverage for which Medicare is the primary payer and coverage for
16 which Medicare is not the primary payer. Both rates are subject to the requirements of this
17 subsection (a).

18 (4) For each health benefit plan offered by a carrier, the highest premium rate for each

1 family composition type shall not exceed four (4) times the premium rate that could be charged to
2 a small employer with the lowest premium rate for that family composition.

3 (5) Premium rates for bona fide associations except for the Rhode Island Builders'
4 Association whose membership is limited to those who are actively involved in supporting the
5 construction industry in Rhode Island and members of the greater Providence chamber of
6 commerce shall comply with the requirements of this section.

7 (6) For a small employer group renewing its health insurance with the same small employer
8 carrier that provided it small employer health insurance in the prior year, the adjustment factor for
9 age for that small employer group will not exceed one hundred twenty percent (120%) of the
10 adjustment factor for age for that small employer group in the prior rate year.

11 (b) The premium charged for a health benefit plan may not be adjusted more frequently
12 than annually except that the rates may be changed to reflect:

13 (1) Changes to the enrollment of the small employer;

14 (2) Changes to the family composition of the employee; or

15 (3) Changes to the health benefit plan requested by the small employer.

16 (c) Premium rates for health benefit plans shall comply with the requirements of this
17 section.

18 (d) Small employer carriers shall apply rating factors consistently with respect to all small
19 employers. Rating factors shall produce premiums for identical groups that differ only by the
20 amounts attributable to plan design and do not reflect differences due to the nature of the groups
21 assumed to select particular health benefit plans. Two groups that are otherwise identical, but which
22 have different prior year rate factors, may, however, have rating factors that produce premiums that
23 differ because of the requirements of subsection (a)(6) of this section. Nothing in this section shall
24 be construed to prevent a group health plan and a health insurance carrier offering health insurance
25 coverage from establishing premium discounts or rebates or modifying otherwise applicable
26 copayments or deductibles in return for adherence to programs of health promotion and disease
27 prevention, including those included in affordable health benefit plans, provided that the resulting
28 rates comply with the other requirements of this section, including subsection (a)(4) of this section.

29 The calculation of premium discounts, rebates, or modifications to otherwise applicable
30 copayments or deductibles for affordable health benefit plans shall be made in a manner consistent
31 with accepted actuarial standards and based on actual or reasonably anticipated small employer
32 claims experience. As used in the preceding sentence, "accepted actuarial standards" includes
33 actuarially appropriate use of relevant data from outside the claims experience of small employers
34 covered by affordable health plans, including, but not limited to, experience derived from the large

1 group market, as this term is defined in § 27-18.6-2.

2 (e) For the purposes of this section, a health benefit plan that contains a restricted network
3 provision shall not be considered similar coverage to a health benefit plan that does not contain
4 such a provision, provided that the restriction of benefits to network providers results in substantial
5 differences in claim costs.

6 (f) The health insurance commissioner may establish regulations to implement the
7 provisions of this section and to ensure that rating practices used by small employer carriers are
8 consistent with the purposes of this chapter, including regulations that ensure that differences in
9 rates charged for health benefit plans by small employer carriers are reasonable and reflect objective
10 differences in plan design or coverage (not including differences due to the nature of the groups
11 assumed to select particular health benefit plans or separate claim experience for individual health
12 benefit plans) and to ensure that small employer groups with one eligible subscriber are notified of
13 rates for health benefit plans in the individual market.

14 (g) In connection with the offering for sale of any health benefit plan to a small employer,
15 a small employer carrier shall make a reasonable disclosure, as part of its solicitation and sales
16 materials, of all of the following:

17 (1) The provisions of the health benefit plan concerning the small employer carrier's right
18 to change premium rates and the factors, other than claim experience, that affect changes in
19 premium rates;

20 (2) The provisions relating to renewability of policies and contracts;

21 (3) The provisions relating to any preexisting condition provision; and

22 (4) A listing of and descriptive information, including benefits and premiums, about all
23 benefit plans for which the small employer is qualified.

24 (h)(1) Each small employer carrier shall maintain at its principal place of business a
25 complete and detailed description of its rating practices and renewal underwriting practices,
26 including information and documentation that demonstrate that its rating methods and practices are
27 based upon commonly accepted actuarial assumptions and are in accordance with sound actuarial
28 principles.

29 (2) Each small employer carrier shall file with the commissioner annually on or before
30 March 15 an actuarial certification certifying that the carrier is in compliance with this chapter and
31 that the rating methods of the small employer carrier are actuarially sound. The certification shall
32 be in a form and manner, and shall contain the information, specified by the commissioner. A copy
33 of the certification shall be retained by the small employer carrier at its principal place of business.

34 (3) A small employer carrier shall make the information and documentation described in

1 subsection (h)(1) of this section available to the commissioner upon request. Except in cases of
2 violations of this chapter, the information shall be considered proprietary and trade secret
3 information and shall not be subject to disclosure by the director to persons outside of the
4 department except as agreed to by the small employer carrier or as ordered by a court of competent
5 jurisdiction.

6 (4) For the wellness health benefit plan described in § 27-50-10, the rates proposed to be
7 charged and the plan design to be offered by any carrier shall be filed by the carrier at the office of
8 the commissioner no less than thirty (30) days prior to their proposed date of use. The carrier shall
9 be required to establish that the rates proposed to be charged and the plan design to be offered are
10 consistent with the proper conduct of its business and with the interest of the public. The
11 commissioner may approve, disapprove, or modify the rates and/or approve or disapprove the plan
12 design proposed to be offered by the carrier. Any disapproval by the commissioner of a plan design
13 proposed to be offered shall be based upon a determination that the plan design is not consistent
14 with the criteria established pursuant to § 27-50-10(b).

15 (i) The requirements of this section apply to all health benefit plans issued or renewed on
16 or after October 1, 2000.

17 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE -- SMALL EMPLOYER HEALTH INSURANCE
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- 1 This act would include members of the greater Providence chamber of commerce in the
- 2 exclusion of premium rates for the Rhode Island Builders' Association.
- 3 This act would take effect upon passage.

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