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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO HEALTH INSURANCE - CATASTROPHIC HEALTH INSURANCE

Introduced By: Senators Nesselbush, McCaffrey, Crowley, Pichardo, and Miller

Date Introduced: March 18, 2015

Referred To: Senate Health & Human Services

(OHIC)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-62-13 of the General Laws in Chapter 42-62 entitled
2 "Catastrophic Health Insurance Plan Act" is hereby repealed.

3 ~~42-62-13. Rates charged. -- (a) The rates proposed to be charged or a rating formula~~
4 ~~proposed to be used by any insurer or health maintenance organization under this section to~~
5 ~~employers, the state or any political subdivision of the state, or individuals, shall be filed by the~~
6 ~~insurer or health maintenance organization at the office of the director of business regulation.~~
7 ~~This section does not apply to any entity subject to § 27-19-1 et seq., and/or § 27-20-1 et seq. The~~
8 ~~rates proposed to be charged by those entities shall be governed by the provisions of § 27-19-1 et~~
9 ~~seq., and/or § 27-20-1 et seq. Within sixty (60) days after receipt of the application, the director,~~
10 ~~or the director's designee, may hold a hearing upon not less than ten (10) days' written notice~~
11 ~~prior to the hearings. The notice shall contain a description of the rates proposed to be charged,~~
12 ~~and a copy of the notice shall be sent to the applicant and to the consumer protection unit of the~~
13 ~~department of attorney general. At any hearing held under this section, the applicant shall be~~
14 ~~required to establish that the rates proposed to be charged or the rating formula proposed to be~~
15 ~~used are consistent with the proper conduct of its business and with the interest of the public. Any~~
16 ~~documents presented in support of a filing of proposed rates under this section shall be made~~
17 ~~available for public examination at any time and place that the director may deem reasonable. The~~
18 ~~director, or the director's designee, upon that hearing may administer oaths, examine and cross-~~
19 ~~examine witnesses, receive oral and documentary evidence, and shall have the power to subpoena~~

1 ~~witnesses, compel their attendance and require the production of all books, papers, records,~~
2 ~~correspondence, or other documents which he or she deems relevant. Any designee who shall~~
3 ~~conduct a hearing pursuant to this section shall report his or her findings in writing to the director~~
4 ~~within eighty (80) days of the filing with a recommendation for approval, disapproval, or~~
5 ~~modification of the rates proposed to be charged by the applicant. The recommended decision~~
6 ~~shall become part of the record. The director shall make and issue a decision not later than ten~~
7 ~~(10) days following the issuance of the recommended decision or, if the director hears the~~
8 ~~application without the appointment of a designee, as soon as is reasonably possible following the~~
9 ~~completion of the hearing on the proposed rate change. The decision may approve, disapprove, or~~
10 ~~modify the rates proposed to be charged by the applicant. Insurers requesting changes in rates~~
11 ~~shall underwrite the reasonable expenses of the department of business regulation in connection~~
12 ~~with the hearing, including any costs related to advertisements, stenographic reporting, and expert~~
13 ~~witnesses fees. Notwithstanding any other provisions of law, the filing of proposed rates or a~~
14 ~~rating formula and the holding and conduct of any hearings in connection with these proposed~~
15 ~~rates or rating formula shall be pursuant to this section.~~

16 ~~(b) Whenever the term "designee" is used in this section, it shall mean a person who is~~
17 ~~impartial, a member in good standing of the Rhode Island bar and a person who is sufficiently~~
18 ~~acquainted with the rules of evidence as used in the superior court of the state so as to enable that~~
19 ~~person to conduct a hearing as designee of the director. The reasonable per diem cost of the~~
20 ~~designee as appointed by the director shall be paid by the insurers requesting changes in the rates.~~

21 SECTION 2. Chapter 42-62 of the General Laws entitled "Catastrophic Health Insurance
22 Plan Act" is hereby amended by adding thereto the following section:

23 **42-62-13.2. Rates charged.** -- (a) Filing of health insurance rates. The rates proposed to
24 be charged or a rating formula proposed to be used by any health insurer under this section to
25 employers, the state or any political subdivision of the state, or individuals, shall be filed by the
26 health insurer at the office of the health insurance commissioner. As used in this section, "health
27 insurer" means any entity that offers, issues or renews a "health benefit plan", as defined by §§
28 27-18-1.1(14), 27-19-1(6), and 27-20-1(16), or that offers, issues or renews "health benefits" as
29 defined by § 27-41-2(n). Notwithstanding any other provision of law, after April 1, 2015, the
30 filing and review of proposed rates or rating formulae, and the conduct of any hearings or public
31 meetings in connection with the proposed rates or rating formulae shall be pursuant to this
32 section.

33 (b) Commissioner's review.

34 (1) Within sixty (60) days after receipt of the application, the commissioner, or the

1 commissioner's designee, may hold a hearing, in accordance with § 42-35-1 et seq., upon not less
2 than ten (10) days' written notice prior to the hearings. The notice shall contain a description of
3 the rates proposed to be charged, and a copy of the notice shall be sent to the applicant and to the
4 consumer protection unit of the department of attorney general. At any hearing held under this
5 section, the applicant shall be required to establish that the rates proposed to be charged or the
6 rating formula proposed to be used are consistent with the proper conduct of its business and with
7 the interest of the public. Any documents presented in support of a filing of proposed rates under
8 this section shall be made available for public examination at any time and place that the
9 commissioner may deem reasonable, subject to any privileges or limitation provided for by law.
10 The commissioner, or the commissioner's designee, upon that hearing may administer oaths,
11 examine and cross-examine witnesses, receive oral and documentary evidence, and shall have the
12 power to subpoena witnesses, compel their attendance and require the production of all books,
13 papers, records, correspondence, or other documents which he or she deems relevant. Any
14 designee who shall conduct a hearing pursuant to this section shall report his or her findings in
15 writing to the commissioner within eighty (80) days of the filing with a recommendation for
16 approval, disapproval, or modification of the rates proposed to be charged by the applicant. The
17 recommended decision shall become part of the record. The commissioner shall make and issue a
18 decision not later than ten (10) days following the issuance of the recommended decision, unless
19 such time period is extended by the commissioner for good cause shown, or, if the commissioner
20 hears the application without the appointment of a designee, as soon as is reasonably possible
21 following the completion of the hearing on the proposed rate change. The commissioner's
22 decision may approve, disapprove, or modify the rates proposed to be charged by the applicant.
23 Insurers requesting changes in rates shall underwrite the reasonable expenses of the office of the
24 health insurance commissioner in connection with its review under this subsection, including any
25 costs related to advertisements, stenographic reporting, and expert witnesses' fees. Whenever the
26 term "designee" is used in subsection (b)(1) of this section, it shall mean a person who is
27 impartial, a member in good standing of the Rhode Island bar and a person who is sufficiently
28 acquainted with the rules of evidence as used in the superior court of the state so as to enable that
29 person to conduct a hearing as designee of the commissioner. The reasonable per diem cost of the
30 designee as appointed by the commissioner shall be paid by the health insurers requesting
31 changes in the rates.

32 (2) If the commissioner does not conduct a hearing in accordance with subsection (b)(1)
33 of this section, the commissioner may hold one or more public meetings in accordance with
34 chapter 46 of title 42 upon not less than ten (10) days' written notice, for the purpose of providing

1 consumers, employers, and other interested members of the public an opportunity to comment on
2 the health insurer's proposal. In connection with the commissioner's review under this subsection;

3 (3) The health insurer shall be required to establish that the rates proposed to be charged
4 or the rating formulae proposed to be used are consistent with the proper conduct of its business
5 and with the interest of the public. Any documents presented in support of a filing of proposed
6 rates or rating formulae under this section shall be made available for public examination at any
7 time and place that the commissioner may deem reasonable, subject to any privileges or
8 limitations provided for by law. The commissioner's decision shall be made within ninety (90)
9 days of the health insurer's filing, unless extended by the commissioner for good cause shown.
10 The commissioner's decision may approve, disapprove, or modify the rates proposed to be
11 charged by the applicant. Health insurers requesting changes in rates or rating formulae shall
12 underwrite the reasonable rate review expenses of the office of the health insurance
13 commissioner.

14 (c) Notwithstanding any other provisions of law, the filing of proposed rates or a rating
15 formula, the holding and conduct of any hearings in connection with such filing, and the
16 commissioner's review of such filing with or without a hearing shall be pursuant to this section.

17 SECTION 3. Section 27-19-6 of the General Laws in Chapter 27-19 entitled "Nonprofit
18 Hospital Service Corporations" is hereby repealed.

19 ~~27-19-6. Rates charged subscribers -- Reserves. -- (a) Public hearings: -- The rates~~
20 ~~proposed to be charged or a rating formula proposed to be used by any corporation organized~~
21 ~~under this chapter to employers, the state or any political subdivision of the state, or individuals,~~
22 ~~shall be filed by the corporation at the office of the health insurance commissioner. Within sixty~~
23 ~~(60) days after receipt of the application, the commissioner, or his or her designee shall hold a~~
24 ~~hearing on all rates proposed for health insurance coverage offered in the individual market as~~
25 ~~defined in § 27-18.5-2 upon not less than ten (10) days written notice prior to the hearing. With~~
26 ~~regard to any other rates subject to the commissioner's jurisdiction the commissioner, or his or her~~
27 ~~designee, may hold a hearing upon not less than ten (10) days written notice prior to the hearing.~~
28 ~~The notice shall be published by the commissioner in a newspaper or newspapers having~~
29 ~~aggregate general circulation throughout the state at least ten (10) days prior to the hearing. The~~
30 ~~notice shall contain a description of the rates proposed to be charged and a copy of the notice~~
31 ~~shall be sent to the applicant and to the department of the attorney general. In addition, the~~
32 ~~applicant shall provide by mail, at least ten (10) days prior to the hearing, notice of the proposed~~
33 ~~rate increase for health insurance coverage offered in the individual market as defined in § 27-~~
34 ~~18.5-2 to all subscribers subject to the proposed rate increase.~~

1 ~~(b) Filings with the Attorney General's Office: The applicant shall provide a copy of~~
2 ~~the filing on all rates proposed for health insurance coverage offered in the individual market as~~
3 ~~defined in § 27-18.5-2 to the Insurance Advocacy Unit of the Attorney General's Office~~
4 ~~simultaneously with the filing at the office of the health insurance commissioner.~~

5 ~~(c) Procedures: At any hearing held under this section, the applicant shall be required to~~
6 ~~establish that the rates proposed to be charged or the rating formula to be used are consistent with~~
7 ~~the proper conduct of its business and with the interest of the public.~~

8 ~~Rates proposed to be charged by any corporation organized under this chapter shall be~~
9 ~~sufficient to maintain total reserves in a dollar amount sufficient to pay claims and operating~~
10 ~~expenses for not less than one month. Those reserves shall be computed as of each December~~
11 ~~31st, and a report setting forth the computation shall be submitted to the commissioner together~~
12 ~~with the corporation's Rhode Island annual statement to the commissioner. Any documents~~
13 ~~presented in support of a filing of proposed rates under this section shall be made available for~~
14 ~~inspection by any party entitled to participate in a hearing or admitted as an intervenor in a~~
15 ~~hearing or such conditions as the commissioner may prescribe provided under this section at a~~
16 ~~time and at a place as the commissioner may deem reasonable. The commissioner, or his or her~~
17 ~~designee, upon the hearing, may administer oaths, examine and cross-examine witnesses, receive~~
18 ~~oral and documentary evidence, and shall have the power to subpoena witnesses, compel their~~
19 ~~attendance, and require the production of books, papers, records, correspondence, or other~~
20 ~~documents which he or she deems relevant. The commissioner shall issue a decision as soon as is~~
21 ~~reasonably possible following the completion of the hearing. The decision may approve,~~
22 ~~disapprove, or modify the rates proposed to be charged by the applicant. Applicants requesting~~
23 ~~changes in rates shall underwrite the reasonable expenses of the commissioner in connection with~~
24 ~~the hearing, including any costs related to advertisements, stenographic reporting, and expert~~
25 ~~witnesses fees.~~

26 ~~(d) The term "designee" as used in this section shall mean a person who is impartial, a~~
27 ~~member in good standing of the Rhode Island bar and a person who is sufficiently acquainted~~
28 ~~with the rules of evidence as used in the superior court of the state so as to enable that person to~~
29 ~~conduct a hearing as designee of the commissioner. The reasonable per diem cost of the designee~~
30 ~~as appointed by the commissioner shall be paid by the applicant requesting changes in the rates.~~

31 SECTION 4. Section 27-20-6 of the General Laws in Chapter 27-20 entitled "Nonprofit
32 Medical Service Corporations" is hereby repealed.

33 ~~**27-20-6. Rates charged subscribers -- Reserves -- Hearing by director.** (a) Public~~
34 ~~hearings: The rates proposed to be charged or a rating formula proposed to be used by any~~

1 ~~corporation organized under this chapter to its subscribers, employers, the state or any political~~
2 ~~subdivision of the state, or individuals, shall be filed by the corporation at the office of the health~~
3 ~~insurance commissioner. Within sixty (60) days after receipt of the application, the~~
4 ~~commissioner, or his or her designee, shall hold a hearing on all rates proposed for health~~
5 ~~insurance coverage offered in the individual market as defined in § 27-18.5-2 upon not less than~~
6 ~~ten (10) days written notice prior to the hearing. With regard to any other rates or rating formula~~
7 ~~subject to the commissioner's jurisdiction the commissioner, or his or her designee, may hold a~~
8 ~~hearing upon not less than ten (10) days written notice prior to the hearing. The notice shall be~~
9 ~~published by the commissioner in a newspaper or newspapers having aggregate general~~
10 ~~circulation throughout the state at least ten (10) days prior to the hearing. The notice shall contain~~
11 ~~a description of the rates proposed to be charged and a copy of the notice shall be sent to the~~
12 ~~applicant and to the department of the attorney general. In addition, the applicant shall provide~~
13 ~~by mail, at least ten (10) days prior to the hearing, notice of the proposed rate increase for health~~
14 ~~insurance coverage offered in the individual market as defined in § 27-18.5-2 to all subscribers~~
15 ~~subject to the proposed rate increase.~~

16 ~~(b) Filings with the Attorney General's Office: The applicant shall provide a copy of~~
17 ~~the filing on all rates proposed for health insurance coverage offered in the individual market as~~
18 ~~defined in § 27-18.5-2 or for a Medicare supplement policy as defined in § 27-18.2-1 to the~~
19 ~~Insurance Advocacy Unit of the Attorney General's Office simultaneously with the filing at the~~
20 ~~office of the health insurance commissioner.~~

21 ~~(c) Procedures: At any hearing held under this section, the applicant shall be required to~~
22 ~~establish that the rates proposed to be charged or the rating formula proposed to be used are~~
23 ~~consistent with the proper conduct of its business and with the interest of the public.~~

24 ~~Rates proposed to be charged by any corporation organized under this chapter shall~~
25 ~~maintain total reserves in a dollar amount sufficient to pay claims and operating expenses for not~~
26 ~~less than one month. Those reserves shall be computed as of each December 31st, and a report~~
27 ~~setting forth the computation shall be submitted to the commissioner together with the~~
28 ~~corporation's Rhode Island annual statement to the insurance commissioner of the state of Rhode~~
29 ~~Island. Any documents presented in support of a filing of proposed rates under this section shall~~
30 ~~be made available for inspection by any party entitled to participate in a hearing or admitted as an~~
31 ~~intervenor in a hearing on such conditions as the commissioner may prescribe provided pursuant~~
32 ~~to this section at a time and at a place as the commissioner may deem reasonable. The~~
33 ~~commissioner, or his or her designee, upon the hearing, may administer oaths, examine and cross~~
34 ~~examine witnesses, receive oral and documentary evidence, and shall have the power to subpoena~~

1 ~~witnesses, compel their attendance, and require the production of books, papers, records,~~
2 ~~correspondence, or other documents which the director deems relevant. The commissioner shall~~
3 ~~issue a decision as soon as is reasonably possible following completion of the hearing. The~~
4 ~~decision may approve, disapprove, or modify the rates proposed to be charged by the applicant.~~
5 ~~Applicants requesting changes in rates shall underwrite the reasonable expenses of the~~
6 ~~commissioner in connection with the hearing, including any costs related to advertisements,~~
7 ~~stenographic reporting, and expert witnesses fees.~~

8 ~~(d) The term "designee" as used in this section shall mean a person who is impartial, a~~
9 ~~member in good standing of the Rhode Island bar and a person who is sufficiently acquainted~~
10 ~~with the rules of evidence as used in the superior court of the state so as to enable that person to~~
11 ~~conduct a hearing as designee of the commissioner. The reasonable per diem cost of the designee~~
12 ~~as appointed by the commissioner shall be paid by the applicant requesting changes in the rates.~~

13 SECTION 5. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HEALTH INSURANCE - CATASTROPHIC HEALTH INSURANCE

1 This act would provide that the office of the health insurance commissioner review direct
2 pay rate requests for health insurance policies sold to individuals in order to make the review
3 process more efficient and less cumbersome for stakeholders.

4 This act would take effect upon passage.

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