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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - CATASTROPHIC HEALTH
INSURANCE PLAN ACT

Introduced By: Representatives Messier, Morin, Fellela, Azzinaro, and Bennett

Date Introduced: February 10, 2016

Referred To: House Corporations

(Attorney General)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-19-6 of the General Laws in Chapter 27-19 entitled "Nonprofit
2 Hospital Service Corporations" is hereby amended to read as follows:

3 **27-19-6. Rates charged subscribers – Reserves.** -- (a) ~~Public hearings~~ General: The
4 rates proposed to be charged or a rating formula proposed to be used by any corporation
5 organized under this chapter to employers, the state or any political subdivision of the state, or
6 individuals, shall be filed by the corporation at the office of the health insurance commissioner
7 (hereinafter referred to as the "commissioner"). ~~Within sixty (60) days after receipt of the~~
8 ~~application, the commissioner, or his or her designee shall hold a hearing on all rates proposed for~~
9 ~~health insurance coverage offered in the individual market as defined in § 27-18.5-2 upon not less~~
10 ~~than ten (10) days written notice prior to the hearing. With regard to any other rates subject to the~~
11 ~~commissioner's jurisdiction the commissioner, or his or her designee, may hold a hearing upon~~
12 ~~not less than ten (10) days written notice prior to the hearing. The notice shall be published by the~~
13 ~~commissioner in a newspaper or newspapers having aggregate general circulation throughout the~~
14 ~~state at least ten (10) days prior to the hearing. The notice shall contain a description of the rates~~
15 ~~proposed to be charged and a copy of the notice shall be sent to the applicant and to the~~
16 ~~department of the attorney general. In addition, the applicant shall provide by mail, at least ten~~
17 ~~(10) days prior to the hearing, notice of the proposed rate increase for health insurance coverage~~
18 ~~offered in the individual market as defined in § 27-18.5-2 to all subscribers subject to the~~

1 ~~proposed rate increase.~~

2 (b) Public hearings: Within ten (10) days after receipt of a filing, the commissioner shall
3 determine, subject to the provisions of subsection (f) of this section, whether they intend to hold a
4 public hearing at which time notice of such determination shall be sent to the insurance advocacy
5 unit of the attorney general's office. Any such public hearing shall commence within sixty (60)
6 days after receipt of the application, upon not less than ten (10) days written notice prior to the
7 hearing, published by the commissioner in a newspaper or newspapers having aggregate general
8 circulation throughout the state at least ten (10) days prior to the hearing. The notice shall contain
9 a description of the rates proposed to be charged and/or the rating formula proposed to be used
10 and a copy of the notice shall be sent to the applicant and to the attorney general. In the event
11 there is a public hearing, the attorney general may engage the services of any expert or consultant
12 necessary to assist in reviewing the filing, including having the ability to seek additional relevant
13 information from the filer. All public hearings held pursuant to this section shall be held in
14 accordance with the provisions of chapter 35 of title 42 (administrative procedures act).

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

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

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

1 ~~reasonably possible following the completion of the hearing. The decision may approve,~~
2 ~~disapprove, or modify the rates proposed to be charged by the applicant. Applicants requesting~~
3 ~~changes in rates shall underwrite the reasonable expenses of the commissioner in connection with~~
4 ~~the hearing, including any costs related to advertisements, stenographic reporting, and expert~~
5 ~~witnesses fees.~~

6 (d) Procedures:

7 (1) The applicant shall be required to establish that the rates proposed to be charged
8 and/or the rating formula proposed to be used are consistent with the proper conduct of its
9 business and with the interest of the public.

10 (2) Any documents presented in support of a filing of proposed rates and/or the rating
11 formula proposed to be used under this section shall be made available for public examination at
12 a time and place that the commissioner may deem reasonable.

13 (3) If a public hearing is held pursuant to subsection (b) of this section, the commissioner,
14 or their designee, upon the hearing, may administer oaths, examine and cross-examine witnesses,
15 receive oral and documentary evidence, and shall have the power to subpoena witnesses, compel
16 their attendance, and require the production of books, papers, records, correspondence, or other
17 documents which they deem relevant. Any designee who shall conduct a hearing pursuant to this
18 section shall report their findings in writing to the commissioner within a reasonable time
19 following the conclusion of the hearing with a recommendation for approval, disapproval, or
20 modification of the rates proposed to be charged and/or the rating formula proposed to be used by
21 the applicant. The commissioner shall make and issue a decision not later than ten (10) days
22 following the issuance of the recommended decision or, if the commissioner hears the application
23 without the appointment of a designee, as soon as is reasonably possible following the completion
24 of the hearing on the proposed rate change. The decision may approve, disapprove, or modify the
25 rates proposed to be charged and/or the rating formula proposed to be used by the applicant.

26 ~~(d)~~(e) 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 (f) Notwithstanding any provision of this section to the contrary, the commissioner shall
32 hold a public hearing in any instance where the rates proposed in the filing for the annual rate
33 increase for products offered in the individual market produce an overall average rate increase of
34 ten percent (10%) or more, or in excess of the threshold trend increase established in subsection

1 (f)(1) of this section. The commissioner shall require that any filing for a rate increase for
2 products offered in the individual market shall include the calculation of both the "overall average
3 rate increase" and the "threshold trend increase" in order to determine whether a public hearing is
4 required.

5 (1) For the purposes of this section, the "threshold trend increase" shall be two percent
6 (2%) plus the annualized trend factor weighted by the actual experience allowed per member per
7 month ("PMPM") as both are set forth in part II of the uniform rate review template approved in
8 the most recent rate year. If the uniform rate review template is modified, a calculation should be
9 performed that produces comparable results.

10 (2) For purposes of this section, the calculation of the "overall average rate increase" shall
11 be based on the proposed essential health benefit base rate for a twenty-one (21) year old at a
12 silver actuarial value of seventy percent (70%), hereinafter referred to as the "EHB base rate." To
13 calculate the overall average rate increase, the applicant shall divide the proposed EHB base rate
14 by the EHB base rate approved in the prior year. The commissioner shall require this calculation
15 to be provided as part of the applicant's individual market rate filing.

16 (g) In the event that subsection (f) of this section in combination with §42-62-13(b)
17 would result in more than one public hearing in any given calendar year, the commissioner may
18 defer one or more public hearing(s) for an applicant resulting from subsection (f) of this section
19 or §42-62-13(b) until the subsequent calendar year, with the provision that one of the deferred
20 applicants shall be required to have a public hearing in the subsequent year, whether or not the
21 applicants' filing satisfies the requirements of subsection (f) of this section or §42-62-13(b) in
22 that subsequent calendar year.

23 (h) The commissioner shall notify the attorney general of the filing(s) to be deferred and
24 the attorney general shall be given the opportunity to provide written comments and
25 recommendations to the commissioner regarding any such filing(s) deferred in accordance with
26 subsection (g) of this section. The commissioner shall notify the attorney general of their final
27 deferral decision.

28 (i) Notwithstanding any other provision of law, the filing of proposed rates or a rating
29 formula and the holding and conducting of any public hearing in connection with these proposed
30 rates or rating formula shall be held in accordance with the provisions of chapter 35 of title 42
31 (administrative procedures act).

32 (j) Public comment. Whether or not a public hearing is held pursuant to subsection (f) of
33 this section, the commissioner shall solicit public comment regarding the rates proposed to be
34 charged and/or the rating formula to be used. Public comment shall be solicited upon not less than

1 ten (10) days written notice prior to the date that either:

2 (1) A public meeting at which verbal comments may be provided; or

3 (2) That written comment must be received by the commissioner. The notice shall contain
4 a description of the rates proposed to be charged or the rating formula proposed to be used, and a
5 copy of the notice shall be sent to the applicant and to the insurance advocacy unit of the attorney
6 general's office. The attorney general shall be permitted to conduct discovery in relation to the
7 actuarial analysis and actuarial assumptions of the filer regarding any filing in the individual
8 market as defined in §27-18.5-2. Any documents presented in support of the filing under this
9 section shall be made available for public examination at a time and place that the commissioner
10 may deem reasonable.

11 (k) The applicant shall bear reasonable expenses of the commissioner in connection with
12 the a filing made pursuant to this section, including any costs related to advertisements,
13 stenographic reporting, and expert fees, regardless of whether a public hearing is held. The
14 applicant shall bear reasonable expenses of the attorney general in relation to any public hearing
15 conducted pursuant to this section. The applicant shall bear reasonable expenses of the attorney
16 general in relation to any filing in the individual market that is not subject to a public hearing.

17 SECTION 2. Section 27-20-6 of the General Laws in Chapter 27-20 entitled "Nonprofit
18 Medical Service Corporations" is hereby amended to read as follows:

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

1 ~~defined in § 27-18.5-2 to all subscribers subject to the proposed rate increase.~~

2 (b) Public hearings: Within ten (10) days after receipt of a filing, the commissioner shall
3 determine, subject to the provisions of subsection (f) of this section, whether they intend to hold a
4 public hearing at which time notice of such determination shall be sent to the insurance advocacy
5 unit of the attorney general's office. Any such public hearing shall commence within sixty (60)
6 days after receipt of the application, upon not less than ten (10) days written notice prior to the
7 hearing, published by the commissioner in a newspaper or newspapers having aggregate general
8 circulation throughout the state at least ten (10) days prior to the hearing. The notice shall contain
9 a description of the rates proposed to be charged and/or the rating formula proposed to be used
10 and a copy of the notice shall be sent to the applicant and to the attorney general. In the event
11 there is a public hearing, the attorney general may engage the services of any expert or consultant
12 necessary to assist in reviewing the filing, including having the ability to seek additional relevant
13 information from the filer. All public hearings held pursuant to this section shall be held in
14 accordance with the provisions of chapter 35 of title 42 (administrative procedures act).

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

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

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

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

7 (d) Procedures:

8 (1) The applicant shall be required to establish that the rates proposed to be charged
9 and/or the rating formula proposed to be used are consistent with the proper conduct of its
10 business and with the interest of the public.

11 (2) Any documents presented in support of a filing of proposed rates and/or the rating
12 formula proposed to be used under this section shall be made available for public examination at
13 a time and place that the commissioner may deem reasonable.

14 (3) If a public hearing is held pursuant to subsection (b) of this section, the commissioner,
15 or their designee, upon the hearing, may administer oaths, examine and cross-examine witnesses,
16 receive oral and documentary evidence, and shall have the power to subpoena witnesses, compel
17 their attendance, and require the production of books, papers, records, correspondence, or other
18 documents which they deem relevant. Any designee who shall conduct a hearing pursuant to this
19 section shall report their findings in writing to the commissioner within a reasonable time
20 following the conclusion of the hearing with a recommendation for approval, disapproval, or
21 modification of the rates proposed to be charged and/or the rating formula proposed to be used by
22 the applicant. The commissioner shall make and issue a decision not later than ten (10) days
23 following the issuance of the recommended decision or, if the commissioner hears the application
24 without the appointment of a designee, as soon as is reasonably possible following the completion
25 of the hearing on the proposed rate change. The decision may approve, disapprove, or modify the
26 rates proposed to be charged and/or the rating formula proposed to be used by the applicant.

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

32 (f) Notwithstanding any provision of this section to the contrary, the commissioner shall
33 hold a public hearing in any instance where the rates proposed in the filing for the annual rate
34 increase for products offered in the individual market produce an overall average rate increase of

1 ten percent (10%) or more, or in excess of the threshold trend increase established in subsection
2 (f)(1) of this section. The commissioner shall require that any filing for a rate increase for
3 products offered in the individual market shall include the calculation of both the "overall average
4 rate increase" and the "threshold trend increase" in order to determine whether a public hearing is
5 required.

6 (1) For the purposes of this section, the "threshold trend increase" shall be two percent
7 (2%) plus the annualized trend factor weighted by the actual experience allowed per member per
8 month ("PMPM") as both are set forth in part II of the uniform rate review template approved in
9 the most recent rate year. If the uniform rate review template is modified, a calculation should be
10 performed that produces comparable results.

11 (2) For purposes of this section, the calculation of the "overall average rate increase" shall
12 be based on the proposed essential health benefit base rate for a twenty-one (21) year old at a
13 silver actuarial value of seventy percent (70%), hereinafter referred to as the "EHB base rate." To
14 calculate the overall average rate increase, the applicant shall divide the proposed EHB base rate
15 by the EHB base rate approved in the prior year. The commissioner shall require this calculation
16 to be provided as part of the applicant's individual market rate filing.

17 (g) In the event that subsection (f) of this section in combination with §42-62-13(b)
18 would result in more than one public hearing in any given calendar year, the commissioner may
19 defer one or more public hearing(s) for an applicant resulting from subsection (f) of this section
20 or §42-62-13(b) until the subsequent calendar year, with the provision that one of the deferred
21 applicants shall be required to have a public hearing in the subsequent year, whether or not the
22 applicants' filing satisfies the requirements of subsection (f) of this section or §42-62-13(b) in
23 that subsequent calendar year.

24 (h) The commissioner shall notify the attorney general of the filing(s) to be deferred and
25 the attorney general shall be given the opportunity to provide written comments and
26 recommendations to the commissioner regarding any such filing(s) deferred in accordance with
27 subsection (g) of this section. The commissioner shall notify the attorney general of their final
28 deferral decision.

29 (i) Notwithstanding any other provision of law, the filing of proposed rates or a rating
30 formula and the holding and conducting of any public hearing in connection with these proposed
31 rates or rating formula shall be held in accordance with the provisions of chapter 35 of title 42
32 (administrative procedures act).

33 (j) Public comment. Whether or not a public hearing is held pursuant to subsection (f) of
34 this section, the commissioner shall solicit public comment regarding the rates proposed to be

1 charged and/or the rating formula to be used. Public comment shall be solicited upon not less than
2 ten (10) days written notice prior to the date that either:

3 (1) A public meeting at which verbal comments may be provided; or

4 (2) That written comment must be received by the commissioner. The notice shall contain
5 a description of the rates proposed to be charged or the rating formula proposed to be used, and a
6 copy of the notice shall be sent to the applicant and to the insurance advocacy unit of the attorney
7 general's office. The attorney general shall be permitted to conduct discovery in relation to the
8 actuarial analysis and actuarial assumptions of the filer regarding any filing in the individual
9 market as defined in §27-18.5-2. Any documents presented in support of the filing under this
10 section shall be made available for public examination at a time and place that the commissioner
11 may deem reasonable.

12 (k) The applicant shall bear reasonable expenses of the commissioner in connection with
13 the a filing made pursuant to this section, including any costs related to advertisements,
14 stenographic reporting, and expert fees, regardless of whether a public hearing is held. The
15 applicant shall bear reasonable expenses of the attorney general in relation to any public hearing
16 conducted pursuant to this section. The applicant shall bear reasonable expenses of the attorney
17 general in relation to any filing in the individual market that is not subject to a public hearing.

18 SECTION 3. Section 42-62-13 of the General Laws in Chapter 42-62 entitled
19 "Catastrophic Health Insurance Plan Act" is hereby amended to read as follows:

20 **42-62-13. Rates charged.** -- (a) ~~The rates proposed to be charged or a rating formula~~
21 ~~proposed to be used by any insurer or health maintenance organization under this section to~~
22 ~~employers, the state or any political subdivision of the state, or individuals, shall be filed by the~~
23 ~~insurer or health maintenance organization at the office of the director of business regulation.~~
24 ~~This section does not apply to any entity subject to § 27-19-1 et seq., and/or § 27-20-1 et seq. The~~
25 ~~rates proposed to be charged by those entities shall be governed by the provisions of § 27-19-1 et~~
26 ~~seq., and/or § 27-20-1 et seq. Within sixty (60) days after receipt of the application, the director,~~
27 ~~or the director's designee, may hold a hearing upon not less than ten (10) days' written notice~~
28 ~~prior to the hearings. The notice shall contain a description of the rates proposed to be charged,~~
29 ~~and a copy of the notice shall be sent to the applicant and to the consumer protection unit of the~~
30 ~~department of attorney general. At any hearing held under this section, the applicant shall be~~
31 ~~required to establish that the rates proposed to be charged or the rating formula proposed to be~~
32 ~~used are consistent with the proper conduct of its business and with the interest of the public. Any~~
33 ~~documents presented in support of a filing of proposed rates under this section shall be made~~
34 ~~available for public examination at any time and place that the director may deem reasonable. The~~

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

18 (b) ~~Whenever the term "designee" is used in this section, it shall mean a person who is~~
19 ~~impartial, a member in good standing of the Rhode Island bar and a person who is sufficiently~~
20 ~~acquainted with the rules of evidence as used in the superior court of the state so as to enable that~~
21 ~~person to conduct a hearing as designee of the director. The reasonable per diem cost of the~~
22 ~~designee as appointed by the director shall be paid by the insurers requesting changes in the rates.~~
23 The rates proposed to be charged and/or a rating formula proposed to be used by any health
24 insurer, dental insurer, or health maintenance organization subject to title 27, shall be filed at the
25 office of the health insurance commissioner (hereinafter the "commissioner"). The rates proposed
26 to be used by any health insurer, dental insurer, or health maintenance organization in the
27 individual market as defined in §27-18.5-2 shall be filed at the office of the health insurance
28 commissioner and simultaneously with the insurance advocacy unit of the attorney general's
29 office. The applicant shall be required to establish that the rates proposed to be charged and/or the
30 rating formula proposed to be used are consistent with the proper conduct of its business and with
31 the interest of the public. Within ten (10) days after receipt of the filing the commissioner shall
32 determine, subject to subsection (b) of this section, whether they intend to hold a public hearing at
33 which time notice of such determination shall be sent to the insurance advocacy unit of the
34 attorney general's office. In the event there is a public hearing, the attorney general may engage

1 the services of any expert or consultant necessary to assist in reviewing the filing, including
2 having the ability to seek additional relevant information from the filer. Any such public hearing
3 shall commence within sixty (60) days after receipt of the application, upon not less than ten (10)
4 days written notice prior to the hearing, published by the commissioner in a newspaper or
5 newspapers having aggregate general circulation throughout the state at least ten (10) days prior
6 to the hearing. The notice shall contain a description of the rates proposed to be charged and/or
7 the rating formula proposed to be used and a copy of the notice shall be sent to the applicant and
8 to the attorney general. Any documents presented in support of the filing under this section shall
9 be made available for public examination at any time and place that the commissioner may deem
10 reasonable.

11 (b) Notwithstanding any provision of this section to the contrary, the commissioner shall
12 hold a public hearing in any instance where the rates proposed in the filing for the annual rate
13 increase for products offered in the individual market produce an overall average rate increase of
14 ten percent (10%) or more, or in excess of the threshold trend increase established in subsection
15 (b)(1) of this section. The commissioner shall require that any filing for a rate increase for
16 products offered in the individual market shall include the calculation of both the "overall average
17 rate increase" and the "threshold trend increase" in order to determine whether a public hearing is
18 required.

19 (1) For the purposes of this section, the "threshold trend increase" shall be two percent
20 (2%) plus the annualized trend factor weighted by the actual experience allowed per member per
21 month ("PMPM") as both are set forth in part II of the uniform rate review template approved in
22 the most recent rate year. If the uniform rate review template is modified, a calculation should be
23 performed that produces comparable results.

24 (2) For purposes of this section, the calculation of the "overall average rate increase" shall
25 be based on the proposed essential health benefit base rate for a twenty-one (21) year old at a
26 silver actuarial value of seventy percent (70%), hereinafter referred to as the "EHB base rate." To
27 calculate the overall average rate increase, the applicant shall divide the proposed EHB base rate
28 by the EHB base rate approved in the prior year. The commissioner shall require this calculation
29 to be provided as part of the applicant's individual market rate filing.

30 (c) In the event that subsection (b) of this section in combination with §§27-19-6(f) and
31 27-20-6(f) would result in more than one public hearing in any given calendar year, the
32 commissioner may defer one or more public hearing(s) for an applicant resulting from subsection
33 (b) of this section or §§27-19-6(f) and 27-20-6(f) until the subsequent calendar year, with the
34 provision that one of the deferred applicants shall be required to have a public hearing in the

1 subsequent year, whether or not the applicants' filing satisfies the requirements of subsection (b)
2 of this section or §§27-19-6(f) and 27-20-6(f) in that subsequent calendar year.

3 (d) The commissioner shall notify the attorney general of the filing(s) to be deferred and
4 the attorney general shall be given the opportunity to provide written comments and
5 recommendations to the commissioner regarding any such filing(s) deferred in accordance with
6 subsection (c) of this section. The commissioner shall notify the attorney general of their final
7 deferral decision.

8 (e) If a public hearing is held pursuant to subsection (b) of this section, the commissioner,
9 or their designee, upon the hearing, may administer oaths, examine and cross-examine witnesses,
10 receive oral and documentary evidence, and shall have the power to subpoena witnesses, compel
11 their attendance, and require the production of books, papers, records, correspondence, or other
12 documents which they deem relevant. The public hearing shall be held in accordance with the
13 provisions of chapter 35 of title 42 (administrative procedures act). Any designee who shall
14 conduct a hearing pursuant to this section shall report their findings in writing to the
15 commissioner within a reasonable time following the conclusion of the hearing with a
16 recommendation for approval, disapproval, or modification of the rates proposed to be charged
17 and/or the rating formula proposed to be used by the applicant. The recommended decision shall
18 become part of the record. The commissioner shall make and issue a decision not later than ten
19 (10) days following the issuance of the recommended decision or, if the commissioner hears the
20 application without the appointment of a designee, as soon as is reasonably possible following the
21 completion of the hearing on the proposed rate change. The decision may approve, disapprove, or
22 modify the filing.

23 (f) Notwithstanding any other provisions of law, the filing of the proposed rates or a
24 rating formula and the holding and conducting of any public hearing in connection with these
25 proposed rates or rating formula of any health insurer, dental insurer, or health organization
26 subject to title 27 shall be held in accordance with the provisions of chapter 35 of title 42
27 (administrative procedures act).

28 (g) Whenever the term "designee" is used in this section, it shall mean a person who is
29 impartial, a member in good standing of the Rhode Island bar and a person who is sufficiently
30 acquainted with the rules of evidence as used in the superior court of the state so as to enable that
31 person to conduct a hearing as designee of the director. The reasonable per diem cost of the
32 designee as appointed by the director shall be paid by the insurer(s) requesting changes in the
33 rates.

34 (h) Public comment. Whether or not a public hearing is held pursuant to subsection (b) of

1 this section, the commissioner shall solicit public comment regarding the rates proposed to be
2 charged and/or the rating formula to be used. Public comment shall be solicited upon not less than
3 ten (10) days written notice prior to the date that either:

4 (1) A public meeting at which verbal comments may be provided; or
5 (2) That written comment must be received by the commissioner. The notice shall contain
6 a description of the rates proposed to be charged or the rating formula proposed to be used, and a
7 copy of the notice shall be sent to the applicant and to the insurance advocacy unit of the attorney
8 general's office. The attorney general shall be permitted to conduct discovery in relation to the
9 actuarial analysis and actuarial assumptions of the filer regarding any filing in the individual
10 market as defined in §27-18.5-2. Any documents presented in support of the filing under this
11 section shall be made available for public examination at a time and place that the commissioner
12 may deem reasonable.

13 (i) The applicant shall bear reasonable expenses of the commissioner in connection with
14 the a filing made pursuant to this section, including any costs related to advertisements,
15 stenographic reporting, and expert fees, regardless of whether a public hearing is held. The
16 applicant shall bear reasonable expenses of the attorney general in relation to any public hearing
17 conducted pursuant to this section. The applicant shall bear reasonable expenses of the attorney
18 general in relation to any filing in the individual market that is not subject to a public hearing.

19 SECTION 4. This act shall take effect on January 1, 2017.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT - CATASTROPHIC HEALTH
INSURANCE PLAN ACT

1 This act would require a public hearing, with some exceptions, for all insurers or health
2 maintenance organizations who propose rate increases for health or dental insurance coverage in
3 the individual market. It would also require the insurers requesting the rate increases to bear the
4 reasonable expenses incurred by the attorney general or the health insurance commissioner in
5 considering the rate changes, whether a hearing was held or not. Further, it would give the
6 commissioner the power to subpoena witnesses, documents and other relevant information in
7 determining whether to approve, disapprove or modify the requested changes.

8 This act would take effect on January 1, 2017.

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