

Senate Bill 717

Sponsored by COMMITTEE ON GENERAL GOVERNMENT, CONSUMER AND SMALL BUSINESS PROTECTION

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Director of Department of Consumer and Business Services to conduct hearing on insurer's request for approval of premium rates. Makes Attorney General party to hearing. Provides that decision following hearing be issued as contested case order.

A BILL FOR AN ACT

1
2 Relating to health insurance rate review; amending ORS 742.003, 743.018, 743.019 and 743.020.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 743.018 is amended to read:

5 743.018. (1) Except for group life [*and health*] insurance, and except as provided in ORS 743.015,
6 every insurer shall file with the Director of the Department of Consumer and Business Services all
7 schedules and tables of premium rates for life and health insurance to be used on risks in this state,
8 and shall file any amendments to or corrections of such schedules and tables. Premium rates are
9 subject to approval, disapproval or withdrawal of approval by the director as provided in ORS
10 742.003, 742.005 and 742.007.

11 (2) Except as provided in ORS 743.737 and 743.760 and subsection (3) of this section, a rate filing
12 by a carrier for any of the following health benefit plans subject to ORS 743.730 to 743.773 shall be
13 available for public inspection immediately upon submission of the filing to the director:

14 (a) Health benefit plans for small employers.

15 (b) Portability health benefit plans.

16 (c) Individual health benefit plans.

17 (3) The director may by rule:

18 (a) Specify all information a carrier must submit as part of a rate filing under this section; and

19 (b) Identify the information submitted that will be exempt from disclosure under this section
20 because the information constitutes a trade secret and would, if disclosed, harm competition.

21 (4) The director, after conducting an actuarial review of the rate filing, may approve a proposed
22 premium rate for a health benefit plan for small employers or for an individual health benefit plan
23 if, in the director's discretion, the proposed rates are:

24 (a) Actuarially sound;

25 (b) Reasonable and not excessive, inadequate or unfairly discriminatory; and

26 (c) Based upon reasonable administrative expenses.

27 (5) In order to determine whether the proposed premium rates for a health benefit plan for small
28 employers or for an individual health benefit plan are reasonable and not excessive, inadequate or
29 unfairly discriminatory, the director may consider:

30 (a) The insurer's financial position, including but not limited to profitability, surplus, reserves
31 and investment savings.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 (b) Historical and projected administrative costs and medical and hospital expenses.

2 (c) Historical and projected loss ratio between the amounts spent on medical services and
3 earned premiums.

4 (d) Any anticipated change in the number of enrollees if the proposed premium rate is approved.

5 (e) Changes to covered benefits or health benefit plan design.

6 (f) Changes in the insurer's health care cost containment and quality improvement efforts since
7 the insurer's last rate filing for the same category of health benefit plan.

8 (g) Whether the proposed change in the premium rate is necessary to maintain the insurer's
9 solvency or to maintain rate stability and prevent excessive rate increases in the future.

10 (h) Any public comments received under ORS 743.019 pertaining to the standards set forth in
11 subsection (4) of this section and this subsection.

12 (6) With the written consent of the insurer, the director may modify a schedule or table of pre-
13 mium rates filed in accordance with subsection (1) of this section.

14 (7) The requirements of this section do not supersede other provisions of law that require
15 insurers, health care service contractors or multiple employer welfare arrangements providing
16 health insurance to file schedules or tables of premium rates or proposed premium rates with the
17 director or to seek the director's approval of rates or changes to rates.

18 **SECTION 2.** ORS 743.019 is amended to read:

19 743.019. (1) When an insurer files **for approval by the Director of the Department of Con-**
20 **sumer and Business Services** a schedule or table of premium rates for individual, portability or
21 small employer health insurance [*under ORS 743.018*], the director [*of the Department of Consumer*
22 *and Business Services*] shall open a 30-day public comment period on the rate filing that begins on
23 the date the insurer files the schedule or table of premium rates. The director shall post all com-
24 ments to the website of the Department of Consumer and Business Services without delay.

25 **(2) The director or a designee of the director may hold a hearing on the insurer's rate**
26 **filing after no less than 10 days' advance written notice to the insurer and to the Attorney**
27 **General. At any hearing held under this subsection, the insurer shall have the burden of**
28 **proving that the proposed rates meet the requirements of ORS 743.018 and that there are**
29 **no grounds for disapproval under ORS 742.005. The Attorney General or a designee of the**
30 **Attorney General shall attend as a party any hearing held under this subsection and shall**
31 **represent, protect and advocate for the rights of the consumers. The hearing shall be open**
32 **to the public.**

33 [(2)] **(3) The director shall give written notice to an insurer approving or disapproving a rate**
34 **filing or, with the written consent of the insurer, modifying a rate filing submitted under ORS**
35 **743.018 no later than 10 business days after the close of the public comment period or after a**
36 **hearing held pursuant to subsection (2) of this section, whichever is later. If a hearing was**
37 **not held under subsection (2) of this section, the notice shall comply with the requirements of**
38 **ORS 183.415. If a hearing was held, the notice shall be issued as an order in a contested case**
39 **and may be issued as a proposed order under ORS 183.464.**

40 **SECTION 3.** ORS 743.020 is amended to read:

41 743.020. An insurer licensed by the Department of Consumer and Business Services shall include
42 [*in*] **with any [*rate filing under ORS 743.018*] schedule or table of premium rates filed for ap-**
43 **proval by the Director of the Department of Consumer and Business Services** with respect to
44 individual and small employer health insurance policies a statement of administrative expenses in
45 the form and manner prescribed by the department by rule. The statement must include, but is not

1 limited to:

- 2 (1) A statement of administrative expenses on a per member per month basis; and
- 3 (2) An explanation of the basis for any proposed premium rate increases or decreases.

4 **SECTION 4.** ORS 742.003 is amended to read:

5 742.003. (1) Except where otherwise provided by law, no basic policy form, or application form
 6 where written application is required and is to be made a part of the policy, or rider, indorsement
 7 or renewal certificate form shall be delivered or issued for delivery in this state until the form has
 8 been filed with and approved by the Director of the Department of Consumer and Business Services.

9 This section does not apply to:

10 (a) Forms of unique character which are designed for and used with respect to insurance upon
 11 a particular risk or subject;

12 (b) Forms issued at the request of a particular life or health insurance policy owner or certif-
 13 icate holder and which relate to the manner of distribution of benefits or to the reservation of rights
 14 and benefits thereunder;

15 (c) Forms of group life or health insurance policies, or both, that have been agreed upon as a
 16 result of negotiations between the policyholder and the insurer; or

17 (d) Forms complying with specific requirements regarding delivery or issuance for delivery in
 18 this state established by the director by rule.

19 (2) **Except as provided in ORS 743.019 with respect to rate filings**, the director shall within
 20 30 days after the filing of any *[such]* form approve or disapprove the form. The director shall give
 21 written notice of *[such action]* **approval or disapproval** to the insurer proposing to deliver *[such]*
 22 **the** form and when a form is disapproved the notice shall *[show wherein such]* **explain why the** form
 23 does not comply with the law.

24 (3) The 30-day period referred to in subsection (2) of this section may be extended by the di-
 25 rector for an additional period not to exceed 30 days if the director gives written notice within the
 26 first 30-day period to the insurer proposing to deliver the form that the director needs *[such]* addi-
 27 tional time for the consideration of *[such]* **the** form.

28 (4) The director may at any time request an insurer to furnish the director a copy of any form
 29 exempted under subsection (1) of this section.

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