

A-Engrossed
Senate Bill 718

Ordered by the Senate April 26
Including Senate Amendments dated April 26

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.

Limits public comment period for premium rate filings by individual, portability or small employer health insurers to health benefit plans offered by those insurers.

Requires, if rate filing represents specified premium rate increase, insurer to send notice to affected policyholders and persons who requested notification.

Requires Director of Department of Consumer and Business Services to post to website of Department of Consumer and Business Services detailed [*rationale*] **explanation** for approval of any health insurance rate filing that increases rates.

Makes consideration of certain criteria related to approval of such increases mandatory.

A BILL FOR AN ACT

1
2 Relating to health insurance rate review; creating new provisions; and amending ORS 742.003,
3 743.018 and 743.019.

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

5 **SECTION 1.** ORS 743.019 is amended to read:

6 743.019. (1) When an insurer files **for approval by the Director of the Department of Con-**
7 **sumer and Business Services** a schedule or table of premium rates for **an individual, portability**
8 **or small employer health** [*insurance under ORS 743.018*] **benefit plan as defined in ORS 743.730,**
9 the director [*of the Department of Consumer and Business Services*] shall open a 30-day public com-
10 ment period on the rate filing that begins on the date the insurer files the schedule or table of
11 premium rates. The director shall post all comments to the website of the Department of Consumer
12 and Business Services without delay.

13 **(2) If a rate filing represents an average premium rate increase of seven percent or more**
14 **and affects 1,000 or more enrollees in the individual and small employer markets, the insurer**
15 **shall, within three business days of the filing, notify all policyholders affected by the filing**
16 **and all persons who have requested notification of a filing. The notice must include:**

17 **(a) A statement of the average percentage increase in rates and the range of increased**
18 **rates that were used in the calculation of the average percentage increase in rates;**

19 **(b) Instructions for accessing information about the rate increase at the website of the**
20 **Department of Consumer and Business Services; and**

21 **(c) Instructions for providing public comment on the rate filing.**

22 [(2)] **(3)** The director shall give written notice to an insurer approving or disapproving a rate
23 filing or, with the written consent of the insurer, modifying a rate filing submitted under ORS
24 743.018 no later than 10 business days after the close of the public comment period. The notice shall
25 comply with the requirements of ORS 183.415.

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 (4) If the director approves a rate filing that increases rates above the rates previously
2 approved by the director for an individual or small employer health benefit plan, the director
3 shall make available on the department's website a detailed explanation of how the increased
4 rates:

5 (a) Meet standards described in ORS 743.018 (4) and (5); and

6 (b) Are not subject to disapproval under ORS 742.005.

7 **SECTION 2.** ORS 743.018 is amended to read:

8 743.018. (1) Except for group life and health insurance, and except as provided in ORS 743.015,
9 every insurer shall file with the Director of the Department of Consumer and Business Services all
10 schedules and tables of premium rates for life and health insurance to be used on risks in this state,
11 and shall file any amendments to or corrections of such schedules and tables. Premium rates are
12 subject to approval, disapproval or withdrawal of approval by the director as provided in ORS
13 742.003, 742.005 and 742.007.

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

17 (a) Health benefit plans for small employers.

18 (b) Portability health benefit plans.

19 (c) Individual health benefit plans.

20 (3) The director may by rule:

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

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

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

27 (a) Actuarially sound;

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

29 (c) Based upon reasonable administrative expenses.

30 (5) In order to determine whether the proposed premium rates for a health benefit plan for small
31 employers or for an individual health benefit plan are reasonable and not excessive, inadequate or
32 unfairly discriminatory, the director [may] **shall** consider:

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

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

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

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

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

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

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

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

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

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

7 **SECTION 3. The amendments to ORS 743.018 and 743.019 by sections 1 and 2 of this 2011**
8 **Act apply to rate filings for periods of coverage that begin on or after the effective date of**
9 **this 2011 Act.**

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

11 742.003. (1) Except where otherwise provided by law, no basic policy form, or application form
12 where written application is required and is to be made a part of the policy, or rider, indorsement
13 or renewal certificate form shall be delivered or issued for delivery in this state until the form has
14 been filed with and approved by the Director of the Department of Consumer and Business Services.
15 This section does not apply to:

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

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

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

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

25 (2) **Except as provided for rate filings under ORS 743.019**, the director shall within 30 days
26 after the filing of any [*such*] form approve or disapprove the form. The director shall give written
27 notice of [*such action*] **the approval or disapproval** to the insurer proposing to deliver [*such*] **the**
28 form and when a form is disapproved the notice shall [*show wherein such form*] **explain why the**
29 **form** does not comply with the law.

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

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

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