

HB 3074 B STAFF MEASURE SUMMARY**Carrier:** Sen. Beyer**Senate Committee On Health Care****Action Date:** 05/13/19**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 3-0-1-1**Yeas:** 3 - Beyer, Knopp, Monnes Anderson**Exc:** 1 - Fagan**Abs:** 1 - Linthicum**Fiscal:** No fiscal impact**Revenue:** No revenue impact**Prepared By:** Brian Nieubuurt, LPRO Analyst**Meeting Dates:** 4/29, 5/13**WHAT THE MEASURE DOES:**

Modifies Department of Consumer and Business Services (DCBS) rate review process for approving rates for health benefit plans. Requires DCBS to issue a preliminary decision to approve, disapprove, or modify a rate filing after the close of the 30-day public comment period. Deletes process for DCBS to approve a modified rate filing. Requires DCBS to issue a proposed order within 30 days of issuing a preliminary decision to approve, disapprove, or modify a rate filing. Requires Director of DCBS to issue a final order if an insurer or person adversely affected or aggrieved by the proposed order does not request a review within 10 days of the issuance of the proposed order. Requires Director of DCBS to issue a final order no later than 30 days after a request for review is received. Allows Director of DCBS to open new public comment period upon occurrence of event that materially affects the Director's decision to approve rates. Limits information Director may consider in issuing any new proposed order to supplemental facts or data reasonably related to event necessitating new public comment period.

ISSUES DISCUSSED:

- Rate review process and values
- Flexibility offered by bill
- Impact of federal uncertainty on state rate review process
- Timing of rate filing publication

EFFECT OF AMENDMENT:

Allows Director of DCBS to open new public comment period upon occurrence of event that materially affects the Director's decision to approve rates. Specifies facts Director may consider in issuing any new proposed order.

BACKGROUND:

Over the past dozen years, the Legislative Assembly has made several notable changes to the rate review process for health insurance policies issued in the state. House Bill 3103 (2007) required that rate filings for small employer, portability, and individual health benefit plans be made available for public inspection. House Bill 2009 (2009) required the Director of the Department of Consumer and Business Services (DCBS) to open a 30-day public comment period on rate filings for these policies. House Bill 2605 (2015) prescribed procedures for DCBS rate reviews and approval decisions.

DCBS looks at the following factors when considering a rate request:

- Recent and projected medical care and prescription drug costs, including any benefit changes to insurance plans
- Past and future loss ratios (how much of every premium dollar goes to pay health care claims)
- Recent history of rate changes

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- Overall financial strength (profitability, investment income, surplus)
- Premiums (how they compare to those of competitors)
- Administrative costs

House Bill 3074-B further modifies and streamlines the insurance rate review process.