Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 134 (Delegate Kelly)
Health and Government Operations

Health Insurance – Health Benefit Plan Premium Rate Review Process

This bill alters the factors the Insurance Commissioner must consider in determining whether to disapprove or modify a proposed premium rate filing by a health insurance carrier. The bill applies to all health benefit plan rate filings received by the Commissioner on or after October 1, 2018.

Fiscal Summary

State Effect: None. According to the Maryland Insurance Administration, these additional factors are already considered in rate review filings for health benefit plans.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: The Commissioner must disapprove or modify a proposed premium rate filing if the proposed rates appear, based on a statistical analysis and reasonable assumptions, to be inadequate, unfairly discriminatory, or excessive in relation to benefits. In determining whether to disapprove or modify a rate filing, the Commissioner must consider (1) past and prospective loss experience in and outside the State; (2) underwriting practice and judgment; (3) a reasonable margin for reserve needs; (4) past and prospective expenses; and (5) any other relevant factors in and outside the State.

Under the bill, these criteria are expanded to include (1) past and prospective loss experience in and outside the State, *including specific experience with high-risk members*; (2) the impact on the premium rate filing of any program for enrollees established by the carrier to improve health outcomes and lower claims costs; and (3) for nonprofit health service plans, statutory requirements relating to the mission of a nonprofit health service plan. Specifically, the mission of a nonprofit health service plan must be to (1) provide affordable and accessible health insurance to the plan's insureds and those persons insured or issued health benefit plans by affiliates or subsidiaries of the plan; (2) assist and support public and private health care initiatives for individuals without health insurance; and (3) promote the integration of a health care system that meets the health care needs of all the residents of the jurisdictions in which the nonprofit health service plan operates.

Each premium rate filing must be open to public inspection. A carrier may request that certain information included in a rate filing be considered confidential commercial information and not subject to public inspection. On request and payment of a reasonable fee, a person may obtain copies of a premium rate filing and any supporting information.

The Commissioner may require a carrier to demonstrate that, based on statistical analysis, reasonable assumptions, and other specified factors, the carrier's premium rates are not inadequate, unfairly discriminatory, or excessive in relation to benefits. If, after the applicable review period, the Commissioner finds that proposed premium rates are inadequate, unfairly discriminatory, or excessive, the Commissioner must hold a hearing, for which the carrier must be provided at least 10 days prior written notice. The Commissioner must then issue to the carrier an order that specifies the reasons why the premium rate filing is inadequate, unfairly discriminatory, or excessive in relation to benefits and states when the premium rate filing will no longer be effective. Each decision or finding of the Commissioner about premium rates is subject to judicial review.

Additional Information

Prior Introductions: None.

Cross File: SB 174 (Senator Middleton) - Finance.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

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md/ljm

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