

2015 Regular Session

HOUSE BILL NO. 370

BY REPRESENTATIVES BROADWATER, EDWARDS, AND SHADOIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/GROUP-STATE: Establishes the Group Benefits Actuarial Committee and requires an annual actuary study on the premium rate structure and approval by the panel of recommended changes to the premium rates charged for members of the Office of Group Benefits

1 AN ACT

2 To amend and reenact R.S. 42:802(B)(6) and (7) and to enact R.S. 42:802.1(F), 812, and
3 Part VI of Chapter 12 of Title 42 of the Louisiana Revised Statutes of 1950, to be
4 comprised of R.S. 42:891 through 894, relative to the Office of Group Benefits; to
5 provide for the power and duties of the Office of Group Benefits; to provide for
6 definitions; to provide with respect to an annual actuarial report; to provide with
7 respect to premium rates; to establish the Group Benefits Actuarial Committee; to
8 provide for rule promulgation; to provide for an effective date; and to provide for
9 related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 42:802(B)(6) and (7) are hereby amended and reenacted and R.S.
12 42:802.1(F), 812, and Part VI of Chapter 12 of Title 42 of the Louisiana Revised Statutes
13 of 1950, comprised of R.S. 42:891 through 894, are hereby enacted to read as follows:

14 §802. Powers and duties; Office of Group Benefits

15 * * *

16 B. In addition, the office shall have the following powers and duties:

17 * * *

18 (6) To establish benefit plans, under the direction of the commissioner of
19 administration, for the life, health, and other benefit programs offered through the
20 office, subject to review and final approval in accordance with the provisions of the

1 Administrative Procedure Act. This duty shall include the responsibility to ensure,
2 to the greatest extent practicable, that the plans for benefits and coverages available
3 for employees in all parts of the state are comparable with respect to coverages
4 offered.

5 (7) To establish premium rates, under the direction of the commissioner of
6 administration and in consultation with actuaries for the life, health, and other benefit
7 programs offered through the office, subject to review and final approval by the
8 Group Benefits Actuarial Committee as designated in R.S. 42:891. Establishing
9 premium rates by the office shall not be subject to approval of the appropriate
10 standing committees of the legislature having jurisdiction over review of agency
11 rules of the Office of Group Benefits as designated by R.S. 49:968(B)(21)(c) or the
12 subcommittee on oversight of such standing committees.

13 * * *

14 §802.1. Benefit plans for provision of coverage through a fully insured product
15 provided by a health maintenance organization domiciled in Louisiana

16 * * *

17 F. As used in this Chapter, "benefit plan" shall mean the coverages offered
18 by the plan to eligible persons, including copayments, deductibles, costs of
19 prescription drugs, or any other medical costs associated with health care that are
20 required to be paid directly by the covered person.

21 * * *

22 §812. Annual Actuarial Study

23 An actuary, appointed in accordance with R.S. 42:802(B)(4), shall annually
24 perform an actuarial study of the program and the premium rate structure necessary
25 and appropriate to ensure that it is and remains financially and actuarially sound. The
26 actuarial study shall include an actuarial analysis of all relevant claims experience
27 data collected and maintained by the office, including any established reserves of
28 previously collected premium rates. The annual actuarial study shall be submitted

1 by the actuary to both the office and the Group Benefits Actuarial Committee no less
2 than thirty days prior to a new plan year.

3 * * *

4 PART VI. GROUP BENEFITS ACTUARIAL COMMITTEE

5 §891. Creation

6 A. There is hereby established the Group Benefits Actuarial Committee,
7 herein after referred to as "the committee", within the department of insurance. The
8 committee shall:

9 (1) Review the annual actuarial study.

10 (2) Review premium rate recommendations from the Office of Group
11 Benefits and approve or reject the premium rate recommended by the office.

12 B. The committee shall be comprised of the following voting members:

13 (1) The commissioner of insurance, or his designee, who shall serve as
14 chairman of the committee.

15 (2) The state treasurer, or his designee.

16 (3) The legislative auditor, or his designee.

17 §892. Premium rate recommendations

18 The office shall submit to the committee its premium rate recommendation
19 annually and no less than thirty days prior to the new plan effective dates, regardless
20 of whether any change to the premium rate is recommended. If a premium rate
21 change is recommended during a plan year, with recommended implementation prior
22 to the beginning of a new plan year, the office shall submit its recommendation along
23 with an actuarial study relative to the recommended change not less than thirty days
24 prior to the recommended date of change. The committee shall approve a premium
25 rate prior to implementation.

26 §893. Meetings and rate implementation

27 Upon receiving the premium rate recommendation and the annual actuarial
28 study, the committee shall hold a public hearing prior to the new plan effective date,
29 or recommended implementation date when the recommendation for change is made

1 during the plan year, to review the study and to receive evidence relative to the
2 premium rate recommendation. Notice of the premium rate recommendation and the
3 date, time, and location of the public hearing shall be given to all plan members,
4 whether active or retired. The committee shall either approve or reject the premium
5 rate recommendation of the office. If a premium rate change is recommended by the
6 office and the committee rejects the recommended premium rate change, the
7 committee shall approve an alternate premium rate to the recommended premium
8 rate change that was rejected. The office shall implement the premium rate approved
9 by the committee.

10 §894. Rules and Regulations

11 The commissioner of insurance shall promulgate rules and regulations in
12 accordance with the Administrative Procedure Act to implement this Part. The rules
13 and regulations promulgated by the commissioner shall be subject to approval of the
14 appropriate standing committees of the legislature having jurisdiction over review
15 of agency rules of the Department of Insurance as designated by R.S. 49:968(B)(14).

16 * * *

17 Section 3. This Act shall become effective upon signature by the governor or, if not
18 signed by the governor, upon expiration of the time for bills to become law without signature
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
21 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 370 Original 2015 Regular Session Broadwater

Abstract: Establishes the Group Benefits Actuarial Committee and requires an annual actuary study on the premium rate structure and approval by the committee of the premium rates charged for members of the Office of Group Benefits.

Present law provides with respect to the powers and duties of the Office of Group Benefits ("OGB"). Authorizes OGB to administer all aspects of program benefits for group insurance, including authorization to appoint an individual actuary, adopt and promulgate

rules, prepare and submit a budget, designate a depository for money under its control, establish benefit plans and premium rates under the direction of the commissioner of administration, negotiate contracts, administer and provide for the administration of a qualified cafeteria plan, authorize small debts, and procure internal auditing service contracts.

Proposed law retains present law with respect to the authority of OGB to establish benefit plans under the direction of the commissioner of administration, but clarifies that the authority to establish benefit plans is subject to review and final approve in accordance with the provisions of the Administrative Procedure Act.

Proposed law retains present law with respect to the authority of OGB to establish premium rates under the direction of the commissioner of administration, but requires review and final approval of premium rates by the Group Benefits Actuarial Committee (committee) established by proposed law.

Proposed law defines "benefit plan" for purposes of this Chapter as coverages offered by the plan to eligible persons, including copayments, deductibles, costs of prescription drugs, or any other medical costs associated with health care that are required to be paid directly by the covered person.

Proposed law requires that an actuarial study of the program and the premium rate structure be performed annually by the actuary appointed by OGB and that the study be submitted to both OGB and the committee no less than 30 days prior to a new plan year.

Proposed law establishes the Group Benefits Actuarial Committee, to be comprised of the commissioner of insurance, or his designee, the state treasurer, or his designee, and the legislative auditor, or his designee. Further requires the commissioner of insurance to serve as chairman of the committee.

Proposed law requires OGB to annually submit its premium rate recommendation to the committee for review and approval, regardless of whether any changes to the premium rate are recommended. Requires the premium rate recommendation to be submitted no less than 30 days prior to the new plan effective dates. Requires premium rates and changes to be approved by the committee before implementation.

Proposed law requires the committee to hold a public hearing for review of the annual actuarial study and premium rate recommendation and that notice be sent to all plan members, whether active or retired. Requires the committee to approve or reject the recommended premium rate, and if rejected, requires the committee to approve an alternate premium rate to that premium rate recommendation that was rejected.

Proposed law requires the commissioner of insurance to promulgate rules and regulations for implementation of proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 42:802(B)(6) and (7); Adds R.S. 42:802.1(F), 812, and 891 - 894)