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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Horne.

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## DIGEST

Gary Smith (SB 126)

Proposed law requires the commissioner of insurance to collect a \$100 fee for new rate filings for insurance issuers and \$150 for rate changes.

Present law provides for approval and disapproval of health and accident insurance forms and policies by the commissioner of insurance.

Proposed law retains present law and increases the time for the use of forms from 45 days to 60 days after filing. Requires written notification to be provided to the health insurance issuer specifying the reasons a policy form or subscriber agreement does not comply with the provisions of proposed law. Provides that it shall be unlawful for any health insurance issuer to issue any form not previously submitted to and approved by the department.

Present law provides rate limitations for health benefit plans for small employers and individuals. Provides for rating factors and sets allowable percentages of annual increases. Requires each small group and individual health and accident insurer to make reasonable disclosure of rates to small employers and provides required content of each disclosure. Provides that when a rate increase occurs, the insurer shall provide a reasonable explanation of the increase. Also requires each insurer to maintain records of its rating practices and to certify to the commissioner that it is in compliance with the rating requirements. Prohibits health and accident insurers from increasing their premiums except as provided in present law. Excludes group and individual high deductible health plans from the rate limitations and requirements.

Proposed law makes rate review and approval requirements applicable to health benefit plans which provide coverage in the small group and individual markets. Requires each health benefit plan to file a copy of its rates with all insurance policy forms. Provides that the commissioner shall review rates and may only disapprove proposed rate increases that meet the statutory definition of unreasonable in proposed law. Provides that certain rating restrictions shall become effective on January 1, 2014, including limiting variations on health insurance premiums to variations based on whether the insured is an individual or member of a family group, on the age of the insured, by geographic region, and whether the insured uses tobacco products. Prohibits insurers from using the health status of the insured in the calculation of rates. Provides for fees for proposed rate filings and rate changes. Lists and identifies those benefits not subject to the requirements. Additionally, subjects HMOs and any entity that offers health insurance coverage through a policy, certificate, or subscriber agreement to proposed rating law. Requires rate filings with the department, made under certain time lines, subject to certain filing fees, and containing required information in prescribed, standardized formats. Requires that any such filings that contain rate increases beyond a specific threshold must be published for public comment. Exempts certain information submitted in required filings from the Public Records

Law.

Proposed law requires the rating practices and rating methods, and the rating restrictions imposed by law upon grandfathered health coverage in the individual market and small group market that exist when proposed law takes effect, including the restrictions on rate increases and required notices for such increases, to remain binding upon such grandfathered health coverage. Provides that any grandfathered health plan that violates the provisions of proposed law with respect to the rating restrictions shall be deemed to have surrendered grandfathered status. Requires the surrender of grandfathered status determined by the commissioner to be based upon an actuarial determination. Allows any health insurance issuer that offers grandfathered health coverage that is surrendered to petition for a de novo review in the Nineteenth Judicial District Court. Provides that the loss of grandfathered status pursuant to proposed law does not interfere, interrupt, or terminate a grandfathered health plan's grandfathered status under federal law unless specifically provided for by federal law.

Present law allows health insurers to create and maintain separate risk pools through closed blocks of business or classes of business.

Proposed law prohibits the maintenance of separate risk pools. Requires all health insurance issuers to maintain a single, state-wide risk pool in each of the following markets: small group, individual, and student health plans.

Proposed law provides that if the commissioner determines that any health insurance issuer is not in compliance with the rate review provisions, he may issue penalties or cease-and-desist orders. Provides monetary penalties for violations of cease-and-desist orders. Authorizes the commissioner to revoke, suspend, or nonrenew a certificate of authority of any health insurance issuer for noncompliance. Permits any aggrieved health insurance issuer the opportunity to seek a judicial review of certain decisions by the commissioner.

Proposed law requires that on January 1, 2015, every individual health insurance policy or plan year must be for a period of one year, and must commence on January 1, 2015. Prohibits any rate increases in the individual market during the course of the policy or plan year. Requires health insurance issuers to file an actuarial certification that such issuers use actuarially sound methods and are in compliance with applicable laws.

Present law prohibits unfair discrimination in rates or failure to provide life, life annuity, or disability coverage because of severe disability or sickle cell trait.

Proposed law retains present law and prohibits such unfair discrimination by health insurance issuers.

Fee schedules for rate filings effective upon signature of the governor or lapse of time for gubernatorial action. All other provisions become effective on January 1, 2014.

(Amends R.S. 22:972, 1091 through 1097 and R.S. 44:4.1(B)(11); adds R.S. 22:821(B)(34),

1092.1,1098, and 1099)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Removes the large group market from the provisions of rate review and approval in proposed law.

2. Requires the rating practices and rating methods, and the rating restrictions imposed by law upon grandfathered health coverage in the individual market and small group market, including the restrictions on rate increases and required notices for such increases, to remain binding upon such grandfathered health coverage. Requires any grandfathered health plan that violates the rating restrictions to be deemed to have surrendered grandfathered status. Requires the surrender of grandfathered status determined by the commissioner to be based upon an actuarial determination. Allows any health insurance issuer that offers grandfathered health coverage that is surrendered to petition for a de novo review in the Nineteenth Judicial District Court. Provides that the loss of grandfathered status does not interfere, interrupt, or terminate a health plan's grandfathered status under federal law unless specifically provided for by federal law.
3. Makes technical changes.