

RÉSUMÉ DIGEST

HB 370

2015 Regular Session

Broadwater

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 independent 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 would have retained present law with respect to the authority of OGB to establish benefit plans under the direction of the commissioner of administration, but would have clarified that the authority to establish benefit plans shall be subject to promulgation of rules in accordance with the Administrative Procedure Act.

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

Proposed law would have defined "benefit plan" for purposes of present law and proposed law regarding state group insurance 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 would have required that an actuarial study of the program and the premium rate structure be performed at least 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 would have established 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. Would have further required the commissioner of insurance to serve as chairman of the committee.

Proposed law would have required 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. Would have required the premium rate recommendation to be submitted to the committee no less than 30 days prior to the new plan effective dates. Would have required premium rates and changes to be approved by the committee before implementation.

Proposed law would have required OGB to submit any recommended premium rate changes during a plan year no less than 30 days prior to the recommended date of change. Would have further required an actuarial study relative to the recommended change be submitted to the committee.

Proposed law would have required the committee to hold a public hearing for review of an actuarial study and premium rate recommendation and that OGB provide notice to all plan members, whether active or retired. Would have required the committee to approve, modify, or reject the recommended premium rate recommendation. Would have required OGB to implement the premium rate approved by the committee.

Proposed law would have required the commissioner of insurance to promulgate rules and regulations for implementation of proposed law.

(Proposed to amend R.S. 42:802(B)(6) and (7); Proposed to add R.S. 42:802.1(F), 812, and 891-893)

VETO MESSAGE: "House Bill No. 370 would establish the Group Benefits Actuarial Committee. The specified committee membership is comprised of the commissioner or insurance, or his designee, the state treasurer, or his designee, and the legislative auditor, or

his designee, but provides for no membership or representation from the Office of Group Benefits, nor does it require any actuarial analysis expertise on the part of the members, who are clearly vested with final and ultimate rate setting authority.

The structure creates a rate setting process that would leave state employees and agencies exposed to the possibility of future non-actuarially sound and/or politically driven premium rate determinations. This process would also remove the existing legislative oversight that exists via the executive budget approval process as the Office of Group Benefits would be required to implement the premium rates approved only by the committee. Furthermore, I have already signed SB No. 260 by Senators Broome and Claitor which creates a more appropriate premium rate analyses model with accurate stakeholder representation and maintains the existing legislative oversight structure. Specifically, SB 260 creates the Group Benefits Estimating Conference comprised of members from both the legislative and executive branches and requires the commissioner of administration to use the information developed by the Group Benefits Estimating Conference in the development of premium rates.

For these reasons, I have vetoed House Bill No. 370 and hereby return it to the House of Representatives."