

GOVERNOR'S PROGRAM BILL

2010

MEMORANDUM

AN ACT to amend the insurance law, in
relation to prior approval of health
insurance premium rates

Purpose:

This bill authorizes the State Insurance Department to approve health insurance premium rate adjustments before they take effect.

Summary of Provisions:

This bill establishes a process and timeframe for the Insurance Department to prior approve changes in health insurance premiums before they become effective. The process includes public notification of requested premium rate adjustments, the opportunity for public comment and public notification of the final premium determination.

Under the provisions of the bill, the Superintendent of Insurance is required to render a final determination on a proposed health insurance premium adjustment within 60 days or it is deemed effective. In instances where the Superintendent requires additional information to render his decision, the bill provides a maximum of 20 additional days for a final determination to be made.

The bill also increases the minimum medical loss ratio (MLR) – the amount of premiums required to pay health claims – to 82 percent.

Statement in Support and Budgetary Implications:

Enactment of this bill is necessary to achieve \$70 million in savings in 2010-11 by controlling inappropriate health insurance premium increases and reducing the number of uninsured individuals that will migrate to public health insurance programs.