



Senate

General Assembly

File No. 232

January Session, 2001

Substitute Senate Bill No. 1354

Senate, April 11, 2001

The Committee on Insurance and Real Estate reported through SEN. BOZEK of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING NOTICE OF RATE INCREASES FOR
MEDICARE SUPPLEMENT INSURANCE AND OTHER HEALTH
INSURANCE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-474 of the general statutes is
2 repealed and the following is substituted in lieu thereof:

3 (a) [On or after October 1, 1990, any] Each insurance company,
4 fraternal benefit society, hospital service corporation or medical service
5 corporation, [and on and after January 1, 1994, any] health care center
6 or [any other entity which] other entity that delivers, issues for
7 delivery, continues or renews in this state any Medicare supplement
8 policy or certificate, as defined in sections 38a-495, 38a-495a and 38a-
9 522, [seeking] that seeks to change its rates [,] shall file a request for
10 such change with the [insurance department] Insurance Department at
11 least sixty days prior to the proposed effective date of such change,
12 and shall give written notice of such request to each insured at least

13 thirty days prior to filing the request. The notice may be provided
14 through publication in a newspaper of general circulation in the state,
15 by mail to each individual insured, or by such method as the
16 commissioner may require by regulations which the commissioner
17 may adopt in accordance with chapter 54. The Insurance Department
18 shall review the request and, with respect to requests for an increase in
19 rates, shall hold a public hearing on such increase. The Insurance
20 Commissioner shall approve or deny the request within forty-five days
21 of its receipt. The Insurance Commissioner shall adopt regulations, in
22 accordance with the provisions of chapter 54, to set requirements for
23 the submission of data pertaining to a request to change rates and to
24 define the policies utilized in making a decision on such change in
25 rates.

26 Sec. 2. Subsection (b) of section 38a-481 of the general statutes is
27 repealed and the following is substituted in lieu thereof:

28 (b) No rate filed under the provisions of subsection (a) of this
29 section shall be effective until the expiration of thirty days after it has
30 been filed or unless sooner approved by the commissioner in
31 accordance with regulations [promulgated by him] that the
32 commissioner shall adopt in accordance with chapter 54, which
33 regulations shall prescribe standards to insure that such rates shall not
34 be excessive, inadequate or unfairly discriminatory. [and the] No rate
35 increase shall be effective unless the insurer has provided written
36 notice of the rate filing to each insured at least thirty days prior to
37 filing the rate with the commissioner in accordance with section 38a-
38 474, as amended by this act. The commissioner may disapprove such
39 rate within thirty days after it has been filed if it fails to comply with
40 such standards, except that no rate filed under the provisions of
41 subsection (a) of this section for any Medicare supplement policy shall
42 be effective unless approved in accordance with section 38a-474, as
43 amended by this act.

44 Sec. 3. (NEW) Each insurance company, health care center, hospital
45 or medical service corporation, fraternal benefit society or other entity
46 delivering, issuing for delivery, renewing, continuing or amending any
47 group health insurance policy in this state on or after October 1, 2001,
48 that provides coverage of the type specified in subdivisions (1), (2), (4),
49 (11) and (12) of section 38a-469 of the general statutes, shall provide
50 written notice of any rate increase to each insured who is an employer.
51 The entity shall provide such notice at least sixty days prior to the
52 effective date of the rate increase. If any of the employer's employees
53 contribute to the premiums under the policy, the employer shall
54 provide written notice of the rate increase to such covered employees
55 not later than thirty days after the employer receives notice from the
56 entity.

INS JOINT FAVORABLE SUBST.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Insurance

Municipal Impact: None

Explanation

State Impact:

The bill requires each insurance company, fraternal benefit society, hospital service corporation and medical service corporation that issues, delivers and renews medical supplement policies to give written notice to insureds of a rate increase request. The written notice shall be given at least thirty days prior to the filing of the request. The Insurance commissioner may be required to adopt regulations on the method of written notice to be utilized by the insurers. There may be a workload increase for the department that can be handled within anticipated budgetary resources.

OLR Bill Analysis

sSB 1354

AN ACT CONCERNING NOTICE OF RATE INCREASES FOR MEDICARE SUPPLEMENT INSURANCE AND OTHER HEALTH INSURANCE.

SUMMARY:

This bill establishes notice requirements for certain health insurers seeking a rate change or increase.

Under current law, Medicare supplement insurers must file proposed rate changes with the Insurance Department at least 60 days before the effective date of the change. The bill requires Medicare supplement insurers to also give written notice of any proposed rate change to each insured at least 30 days prior to the filing.

The bill prohibits any individual policy rate increase unless the insurer gives at least 30 days written notice to each insured prior to filing the increase with the insurance commissioner.

Finally, the bill requires (1) group insurers to give employers at least 60 days prior written notice of any rate increase, and (2) employers to give at least 30 days prior written notice of the increase to their employees who contribute to the premium.

EFFECTIVE DATE: October 1, 2001

NOTICE REQUIREMENT

The bill requires Medicare supplement insurers, fraternal benefit societies, hospital and medical service corporations, and HMOs to provide the notice by either (1) publication in a newspaper of general circulation in the state, (2) mail, or (3) another method as determined by the commissioner through regulations.

The notice requirements apply to policies, plans, contracts, and subscriber agreements delivered, issued for delivery, continued, renewed, or amended in the state beginning October 1, 2001.

HEALTH INSURERS AFFECTED

The bill requires insurers, fraternal benefit societies, hospital and medical service corporations, and HMOs that offer, on a group basis, (1) basic hospital, basic medical-surgical, or major medical expense policies, or (2) hospital or medical service plan contracts or subscriber agreements to provide the employer notice.

BACKGROUND

Public Hearing Required

By law, the Insurance Department must review any Medicare supplement policy rate change request and the commissioner must hold a public hearing on any rate increase. The commissioner must either approve or deny the increase within 45 days of receiving it.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute
Yea 18 Nay 0