SENATE DOCKET, NO. 1516 FILED ON: 1/14/2009

# SENATE . . . . . No. 467

## The Commonwealth of Massachusetts

**In the Year Two Thousand Nine**

An Act relative to health insurance rate responsibility..

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

SECTION 1. Section 7A of chapter 26 of the General Laws, as appearing in chapter 58 of the Acts of 2006, as amended by chapter 324 of the Acts of 2006, is hereby amended by inserting after the first paragraph the following paragraph:-

The commissioner shall also appoint within the health access bureau at least the following persons who shall perform the duties of the rating bureau, created by section 8E of said chapter 26, relating to health insurance: an actuary, a rate attorney, a mathematician, a researcher and an accountant. The actuary shall be a fellow of the American Academy of Actuaries or shall have attained a doctoral degree in a related discipline. The mathematician shall be engaged in the program of study recommended by said American Academy of Actuaries or shall have substantial mathematical and statistical training. Such actuary, rate attorney, mathematician, researcher and accountant shall be exempt from the provisions of chapter 30 and chapter 31 of the General Laws.

SECTION 2. The second paragraph of section 7A of said chapter 26 of the General Laws, as so appearing, is hereby amended by striking out, in the first sentence, the word “may” and inserting in place thereof the following word:- shall.

SECTION 3. Section 7A of said chapter 26 of the General Laws, as so appearing, is hereby amended by striking out, each time it occurs in the second paragraph, the number “$600,000” and inserting in place thereof the following number:- “$1,000,000.”

SECTION 4. The second paragraph of section 7A of said chapter 26 of the General Laws, as so appearing, is hereby amended by inserting after the second sentence the following sentence:-

The assessment may be increased annually thereafter by a rate not to exceed the most recent annual consumer price index calculated by the bureau of labor statistics of the United States department of labor for the northeast region for all urban consumers.

SECTION 5. Chapter 175 of the General Laws is hereby amended by inserting after section 4C the following section:-

Section 4D. (1) As used in this section, the following terms shall have the following meanings unless the context clearly requires otherwise:

"Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under chapter 175 of the General Laws; a nonprofit hospital service corporation organized under chapter 176A of the General Laws; a nonprofit medical service corporation organized under chapter 176B of the General Laws; a health maintenance organization organized

under chapter 176G of the General Laws; and an organization entering into a preferred provider arrangement under chapter 176I of the General Laws.

"Health benefit plan", a policy, contract, certificate or agreement entered into, offered or issued by a carrier to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services.

“Overall health care costs”, the medical care component of the consumer price index of urban consumers for the Boston metropolitan area.

(2) If a carrier files for an increase in premium in excess of the rate of increase in overall health care costs, or if a carrier files an initial premium request for new health benefit plans, such carrier's rate, in addition to being subject to all other provisions of their respective governing chapters, shall be subject to the prior approval of the commissioner as set forth in this subsection. In granting such prior approval, the commissioner shall make a finding on the basis of information submitted by the carrier and investigated by the specially designated health insurance staff within the rating bureau.

Such requested premium increase or initial premium request shall be filed no later than 90 days prior to the requested effective date of such rate. No such rate shall be effective until after a public hearing conducted by the commissioner, and advertised in newspapers in Boston, Brockton, Fall River, Pittsfield, Springfield, Worcester, New Bedford, and Lowell, or by notifying such newspapers of said hearing, and held within thirty days of the filing of such rate with the commissioner. The commissioner shall approve or disapprove such rate within thirty days following the conclusion of the public hearing, to be effective not earlier than thirty days subsequent to such approval. No such rate shall be approved if the benefits provided therein are

unreasonable in relation to the rate charged, nor if the rates are excessive, inadequate or unfairly discriminatory or do not otherwise comply with the requirements of this or other governing chapters.

SECTION 6. If any provision of this Act or its application to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.