

# SENATE . . . . . No. 444

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## The Commonwealth of Massachusetts

PRESENTED BY:

***Michael O. Moore***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to Department of Insurance carrier rate filing.

PETITION OF:

NAME:

*Michael O. Moore*

DISTRICT/ADDRESS:

# SENATE . . . . . No. 444

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By Mr. Moore, a petition (accompanied by bill, Senate, No. 444) of Michael O. Moore for legislation relative to Department of Insurance carrier rate filing. Financial Services.

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## The Commonwealth of Massachusetts

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In the Year Two Thousand Eleven  
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An Act relative to Department of Insurance carrier rate filing.

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

1           SECTION 1. Section 29 of Chapter 288 of the Acts of 2010 is hereby amended by  
2           striking subsection (d) in its entirety and replacing it with the following new language:

3           (d) For base rate changes filed under this section, if a carrier files a base rate whose  
4           administrative expense loading component, not including taxes and assessments, increases by  
5           more than the most recent calendar year's percentage increase in the New England medical CPI  
6           or if a carrier's reported contribution to surplus exceeds 1.9 per cent or if the aggregate medical  
7           loss ratio for all plans offered under this chapter is less than 88 per cent , such carrier's rate, in  
8           addition to being subject to all other provisions of this chapter, shall be presumptively  
9           disapproved as excessive by the commissioner as set forth in this subsection, with the exception  
10          of any carrier whose Risk Based Capital Ratio falls below 300% for the most recent four  
11          consecutive quarters. For such carriers the reported contribution to surplus may not exceed 2.5  
12          per cent.

13 If, however, a carrier's base rates are presumptively disapproved for failure to meet only  
14 the aggregate medical loss ratio threshold of 88 per cent, the carrier's base rates shall  
15 nevertheless not be presumptively disapproved as excessive by the commissioner if the carrier's  
16 aggregate medical loss ratio for all plans offered under this chapter is not less than 1 per cent  
17 greater than the carrier's equivalent medical loss ratio was 12months prior to the carrier's present  
18 rate filing.

19 If the annual aggregate medical loss ratio for all plans offered under this chapter is less  
20 than 88 per cent, or less than the medical loss ratio that was not presumptively disapproved by  
21 the commissioner for being in excess of 1% of the carrier's prior year base rate, over the  
22 applicable 12month period, the carrier shall refund the excess premium to its eligible individuals  
23 and eligible small groups. A carrier shall communicate within 30 days to all individuals and  
24 small groups that were covered under plans during the relevant 12 month period that such  
25 individuals and small groups qualify for a refund to be issued under this paragraph, which may  
26 take the form of either a refund on the premium for the applicable 12 month period, or if the  
27 individual or groups are still covered by the carrier, a credit on the premium for the subsequent  
28 12 month period. For such plans that were not presumptively disapproved at filing because the  
29 carrier's aggregate medical loss ratio at filing was not less than the aggregate medical loss ratio  
30 of 88 per cent, the total of all refunds issued shall equal the amount of a carrier's earned  
31 premium that exceeds that amount necessary to achieve a medical loss ratio of 88 per cent,  
32 calculated using data reported by the carrier as prescribed under regulations promulgated by the  
33 commissioner. For such plans that were not presumptively disapproved at filing because the  
34 carrier's aggregate medical loss ratio at filing was not less than 1 per cent greater than the  
35 carrier's equivalent medical loss ratio was 12 months prior to the carrier's present rate filing, the

36 total of all refunds issued shall equal the amount of a carrier's earned premium that exceeds that  
37 amount necessary to achieve a medical loss ratio that is not less than 1 per cent greater than the  
38 carrier's equivalent medical loss ratio was 12 months prior to the carrier's present rate filing,  
39 calculated using data reported by the carrier as prescribed under regulations promulgated by the  
40 commissioner. The commissioner may authorize a waiver or adjustment of this requirement only  
41 if it is determined that issuing refunds would result in financial impairment for the carrier.