

SENATE NO. 583

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:*

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

4 The commissioner shall also appoint within the health access bureau at least the following persons
5 who shall perform the duties of the rating bureau, created by section 8E of said chapter 26, relating
6 to health insurance: an actuary, a rate attorney, a mathematician, a researcher and an accountant.

7 The actuary shall be a fellow of the American Academy of Actuaries or shall have attained a
8 doctoral degree in a related discipline. The mathematician shall be engaged in the program of study
9 recommended by said American Academy of Actuaries or shall have substantial mathematical and
10 statistical training. Such actuary, rate attorney, mathematician, researcher and accountant shall be
11 exempt from the provisions of chapter 30 and chapter 31 of the General Laws.

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

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

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

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

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

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

27 "Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under
28 [chapter 175](#) of the General Laws; a nonprofit hospital service corporation organized under [chapter](#)
29 [176A](#) of the General Laws; a nonprofit medical service corporation organized under [chapter 176B](#)
30 of the General Laws; a health maintenance organization organized under [chapter 176G](#) of the
31 General Laws; and an organization entering into a preferred provider arrangement under [chapter](#)
32 [176I](#) of the General Laws.

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

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

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

43 Such requested premium increase or initial premium request shall be filed no later than 90 days
44 prior to the requested effective date of such rate. No such rate shall be effective until after a public
45 hearing conducted by the commissioner, and advertised in newspapers in Boston, Brockton, Fall
46 River, Pittsfield, Springfield, Worcester, New Bedford, and Lowell, or by notifying such
47 newspapers of said hearing, and held within thirty days of the filing of such rate with the
48 commissioner. The commissioner shall approve or disapprove such rate within thirty days following
49 the conclusion of the public hearing, to be effective not earlier than thirty days subsequent to such
50 approval. No such rate shall be approved if the benefits provided therein are unreasonable in
51 relation to the rate charged, nor if the rates are excessive, inadequate or unfairly discriminatory or
52 do not otherwise comply with the requirements of this or other governing chapters.

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

