

INSURANCE DIVISION[191]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code chapters 505 and 514D and 2010 Iowa Acts, Senate File 2201, the Insurance Division hereby amends Chapter 36, “Individual Accident and Health—Minimum Standards,” Iowa Administrative Code.

Chapter 36 provides reasonable standardization and simplification of terms and coverages of individual accident and sickness insurance policies and provides for full disclosure in the sale of the coverages. These amendments update the rules to reflect recent changes to Iowa Code chapter 505 made by 2010 Iowa Acts, Senate File 2201. The Division intends that Iowa insurance companies will comply with these rules for all individual policy rate filings made with the Division on or after October 1, 2010.

In compliance with Iowa Code section 17A.4(3), the Division finds that notice and public participation are unnecessary because the amendments are necessary for the administration of 2010 Iowa Acts, Senate File 2201, which became effective April 9, 2010.

The Division also finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of the amendments, 35 days after publication, should be waived and these amendments should be made effective on October 1, 2010, because 2010 Iowa Acts, Senate File 2201, became effective April 9, 2010.

These amendments are published herein under Notice of Intended Action as **ARC 9168B** to allow for public comment.

The Insurance Division adopted these amendments on September 30, 2010.

These amendments became effective on October 1, 2010.

These amendments are intended to implement Iowa Code chapters 505 and 514D and 2010 Iowa Acts, Senate File 2201.

The following amendments are adopted.

ITEM 1. Amend **191—Chapter 36**, title, as follows:

**INDIVIDUAL ACCIDENT AND HEALTH—
MINIMUM STANDARDS AND RATE HEARINGS**

ITEM 2. Adopt the following new Division I heading preceding rule 191—36.1(514D):

**DIVISION I
MINIMUM STANDARDS**

ITEM 3. Reserve rules **191—36.13** to **191—36.19**.

ITEM 4. Adopt the following new Division II heading:

**DIVISION II
RATE HEARINGS**

ITEM 5. Adopt the following new rule 191—36.20(514D,83GA,SF2201) in Division II:

191—36.20(514D,83GA,SF2201) Rate hearings.

36.20(1) Purpose, applicability and effective date.

a. Purpose. The purpose of this rule is to set forth a procedure to be followed for hearings about certain health insurance policy premium rate increases.

b. Applicability. This rule applies to all individual health insurance policies issued or to be issued in Iowa except those excluded by 2010 Iowa Acts, Senate File 2201, section 8(4A).

c. Effective date. This rule became effective October 1, 2010.

36.20(2) Definitions.

“*Carrier*” shall mean a health insurance carrier licensed to do business in the state as used in 2010 Iowa Acts, Senate File 2201, section 8.

“*Commissioner*” shall mean the Iowa insurance commissioner or designee.

“Consumer advocate” shall mean the division’s consumer advocate described by Iowa Code section 505.8(6) or designee.

“Division” shall mean the Iowa insurance division.

“Filing” shall mean a rate filing presented to the division for approval pursuant to this chapter, Iowa Code chapter 514D and 2010 Iowa Acts, Senate File 2201, through the National Association of Insurance Commissioners’ System for Electronic Rate and Form Filing.

“Health insurance” shall mean the same as “health insurance” is used in 2010 Iowa Acts, Senate File 2201, section 8, and excludes the types of insurance listed in 2010 Iowa Acts, Senate File 2201, section 8(4A).

“Hearing” shall mean a public hearing for purposes of accepting comments regarding a premium rate increase for which a carrier has requested approval from the commissioner. The hearing is for the gathering of comments; it is not an adjudicatory proceeding or an administrative action.

“Plan” shall mean the policy form(s) subject to the rate change proposal.

“Rate” shall mean the premiums (or premium rates) presented to the division for approval.

36.20(3) Filing and notice required. Carriers that are required to file an application for a rate increase shall make a filing according to division procedures through the National Association of Insurance Commissioners’ System for Electronic Rate and Form Filing. When a carrier makes a request for the commissioner’s approval of a rate filing and the requested rate in the application is for a rate increase exceeding the average annual health spending growth rate stated in the most recent National Health Expenditure projection published by the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services:

- a. The carrier shall contact the division to obtain a hearing date, time and location.
- b. Once the hearing is scheduled with the division, the carrier shall provide a notice of the intended rate increase and of the date, time and location of the rate hearing at least 45 days before the hearing.
- c. The notice shall be in writing and shall be mailed to all persons insured by the plan for which the carrier is requesting approval of the rate increase.
- d. The notice shall specify the proposed rate increase that is applicable to each policyholder and shall include the ranking and quantification of those factors that are responsible for the amount of the rate increase proposed.
- e. The notice shall include information about how the policyholder can contact the consumer advocate for assistance.
- f. The notice shall state the following:

NOTICE OF PROPOSED PREMIUM INCREASE

Dear [INSURED]

[CARRIER] has asked the Iowa Insurance Division to approve an increase in premium rates of approximately [___]% with a proposed effective date of [DATE].

For your policy, the increase is anticipated to be as follows:

[CURRENT MONTHLY RATE] + [PROPOSED INCREASE] = [PROPOSED MONTHLY RATE]

Your actual premium increase may be less or greater than the proposed average premium increase due to a variety of factors that are independent of the proposed premium rate increase, including but not limited to age, geographic area, and plan design. In addition, the final rate you receive may be different than that listed above due to changes in those factors while the rate is pending approval or due to input from the Iowa Insurance Commissioner.

[RANKING AND QUANTIFICATION OF THOSE FACTORS THAT ARE RESPONSIBLE FOR THE AMOUNT OF THE RATE INCREASE PROPOSED]

A public hearing will be held at [TIME], [DATE], at [LOCATION] before the Iowa Insurance Commissioner to receive comments from [CARRIER] and the Iowa Insurance Consumer Advocate on the proposed rate increase.

You may contact the Consumer Advocate for assistance or to comment on the proposed premium rate at:

Iowa Insurance Division Consumer Advocate
Iowa Insurance Division
330 Maple Street
Des Moines, Iowa 50319
Telephone: (515)281-5705
Iowa toll-free: 1-877-955-1212
Fax: (515)281-3059
E-mail: Insuranceca@iid.iowa.gov

All comments received will be considered public records. The Consumer Advocate will post comments received on the Consumer Advocate's Internet Web site (<http://iainsuranceca.wordpress.com/>), which is also accessible through the Insurance Division's Internet Web site (www.iid.state.ia.us), and the Consumer Advocate will present the comments at the public hearing.

g. If an insurer wishes to use language in its notice that is different from the language in paragraph "f," it must seek the approval of the commissioner prior to using different language. The request for approval shall be submitted to the commissioner via the National Association of Insurance Commissioners' System for Electronic Rate and Form Filing.

36.20(4) Comments.

a. The consumer advocate shall collect any public testimony or comments received from policyholders regarding the rate increase request.

b. The consumer advocate shall post without delay all comments received on the consumer advocate's Internet Web site (<http://iainsuranceca.wordpress.com/>), which is also accessible through the division's Internet Web site (www.iid.state.ia.us).

c. The consumer advocate shall provide the comments to the commissioner and present them at the hearing.

36.20(5) Evidence requested by the commissioner. At any time after the filing of the request for approval of the rate increase, the commissioner may:

a. Request additional information from the carrier, and the carrier shall furnish any additional information as requested;

b. Request the submission of additional information by any other party to the filing; and

c. Obtain independent analysis of the filing by qualified experts as permitted under Iowa Code section 505.15.

36.20(6) Hearing.

a. The hearing shall be open to the public.

b. The division shall make a record of the hearing. The cost of making the record shall be paid by the carrier. The cost of copies of the record requested by the carrier or by the division shall also be paid by the carrier.

c. At the hearing, the carrier that is requesting the commissioner's approval of the rate increase may present testimony and information to support its position in addition to the information supplied with the filing. The costs of the carrier's presentation shall be paid by the carrier.

d. The consumer advocate shall present at the hearing the public testimony and comments received.

e. Formal rules of pleading or evidence need not be observed at any hearing.

f. The hearing does not constitute a contested case under Iowa Code chapter 17A.

36.20(7) Confidentiality. Information submitted to the division as part of a filing and as part of the hearing process shall constitute a public record under Iowa Code chapter 22 except as provided in Iowa Code section 505.17 and 2010 Iowa Acts, Senate File 2201, section 6.

36.20(8) Record of expenses. A carrier shall maintain a record of expenses incurred by the carrier in relation to any rate hearing and shall submit it to the commissioner within 30 days following the date of the rate hearing.

36.20(9) Severability. If any provision of this rule or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of such provision to other persons or circumstances shall not be affected thereby.

This rule is intended to implement Iowa Code chapter 514D and 2010 Iowa Acts, Senate File 2201.

[Filed Emergency 9/30/10, effective 10/1/10]

[Published 10/20/10]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 10/20/10.