

House Study Bill 114 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act requiring independent actuarial reviews for certain
2 health insurance rate increase applications.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 505.18A Health insurance rate
2 increase applications — independent actuarial review required.

3 1. When the commissioner receives an application for a
4 rate increase filed by a health insurance carrier licensed
5 to do business in the state, the commissioner shall retain
6 an independent actuary to perform a secondary review of the
7 application in addition to the review of the application
8 performed by the actuarial staff of the division.

9 2. The independent actuary retained shall be qualified
10 to perform such a review and shall not have a relationship,
11 financial or otherwise, with the health insurance carrier
12 that submitted the application, with other health insurance
13 carriers licensed to do business in the state, or with the
14 insurance industry in this state generally, that could create
15 a conflict of interest or that could otherwise interfere with
16 the performance of the independent actuary's duties under this
17 section.

18 3. In performing the secondary review, the independent
19 actuary shall verify the processes employed by the actuarial
20 staff of the division to ensure that the division is conforming
21 to actuarial best practices in the division's review of
22 applications for health insurance rate increases.

23 4. The independent actuary shall be provided full access to
24 all data filed by the health insurance carrier in support of
25 its application for a rate increase. The independent actuary
26 may request additional information from the carrier or from
27 any other party to the application necessary to carry out the
28 independent actuary's duties under this section and the carrier
29 or other party to the filing shall furnish the additional
30 information requested.

31 5. The independent actuary shall provide a written report
32 of its secondary review and conclusions concerning the rate
33 increase application to the commissioner. The commissioner
34 shall post the report on the division's internet site for
35 public review prior to approval, disapproval, or modification

1 of the rate increase proposal by the commissioner.

2 6. If the application is for a rate increase in an amount
3 that requires public hearing and comment as required under
4 section 505.19, the commissioner shall conduct a public hearing
5 and meet the other requirements of section 505.19 prior to
6 approval, disapproval, or modification of the rate increase
7 proposed.

8 7. The reasonable cost of retaining an independent actuary
9 to perform a secondary review under this section shall be borne
10 by the health insurance carrier that filed the application for
11 a rate increase.

12 8. The commissioner shall adopt rules pursuant to chapter
13 17A to implement the provisions of this section.

14 EXPLANATION

15 This bill requires the commissioner of insurance to retain
16 an independent actuary to perform a secondary review of an
17 application for a rate increase filed by a health insurance
18 carrier licensed to do business in the state. The secondary
19 review shall be in addition to the review of the application
20 performed by the actuarial staff of the insurance division.

21 The independent actuary retained shall be qualified to
22 perform such a review and shall not have a relationship,
23 financial or otherwise, with the health insurance carrier
24 that submitted the application, with other health insurance
25 carriers licensed to do business in the state, or with the
26 insurance industry in the state generally, that could create a
27 conflict of interest or that could otherwise interfere with the
28 performance of the independent actuary's duties under the bill.

29 In performing the secondary review, the independent actuary
30 shall verify the processes employed by the division's actuarial
31 staff to ensure that the division is conforming to actuarial
32 best practices in reviewing rate increase applications.

33 The independent actuary shall be provided full access to all
34 data filed by a health insurance carrier in support of its rate
35 increase application and may request additional information

1 from the carrier or any other party to the application as
2 necessary to carry out the independent actuary's duties. The
3 carrier or other party must furnish the additional information
4 requested.

5 The independent actuary shall provide a written report
6 of its secondary review and conclusions concerning the rate
7 increase application to the commissioner who shall post the
8 report on the insurance division's internet site for public
9 review prior to approval, disapproval, or modification of the
10 rate increase proposal.

11 If the application is for a rate increase in an amount that
12 exceeds the average annual health spending growth rate stated
13 in the most recent national health expenditure projection
14 published by the centers for Medicare and Medicaid services of
15 the United States department of health and human services, and
16 for that reason requires public hearing and comment under Code
17 section 505.19, the commissioner shall fulfill the requirements
18 of Code section 505.19 prior to approval, disapproval, or
19 modification of the rate increase proposed.

20 The reasonable cost of retaining an independent actuary
21 to perform a secondary review shall be borne by the health
22 insurance carrier that filed the application for a rate
23 increase. The commissioner shall adopt rules to implement the
24 provisions of the bill.