

# SENATE BILL REPORT

## SB 6233

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As of January 28, 2006

**Title:** An act relating to granting the insurance commissioner the authority to review and approve individual health benefit plan rates.

**Brief Description:** Granting the insurance commissioner the authority to review and approve individual health benefit plan rates.

**Sponsors:** Senators Thibaudeau, Keiser and Franklin; by request of Insurance Commissioner.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/30/06.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Jonathan Seib (786-7427)

**Background:** Most people in Washington who receive their health insurance through the private market do so through their employer in what is referred to as the group market. However, those who do not get coverage through their employer may get insurance in the individual market. Approximately 310,000 state residents are currently insured through the individual market. There are also approximately 600,000 people without health insurance in the state for whom the individual market could potentially be a source of insurance. These numbers are increasing due in part to the decline in employer-based coverage.

The premiums charged for individual health plans are governed by state law. Prior to 2000, the Insurance Commissioner was allowed to disapprove rates where he or she determined that the benefits provided were unreasonable in relation to the amount charged. Carriers were required to file a rate change with the Commissioner, but were allowed to implement the change pending review and potential disapproval.

In 2000, the Legislature adopted SB 6067, making numerous changes to the laws governing the individual insurance market. Under this bill, which remains current law, carriers file rate changes for informational purposes only. The Insurance Commissioner is not allowed to disapprove or otherwise impede implementation of the filed rate. If, in the following year, it is determined that a carrier's actual loss ratio (the percentage of premiums paid out in medical claims) was lower than 72 percent, the carrier must remit the difference to the Washington State Health Insurance Pool.

Information submitted by a carrier to the Insurance Commissioner to support a rate filing may be withheld from public inspection at the request of the carrier.

**Summary of Bill:** Current laws governing premium rates in the individual insurance market are repealed. The requirement that benefits in an individual health plan be reasonable in

relation to the amount charged is reestablished, and carriers are prohibited from implementing any rate change until the change is filed with and approved by the Insurance Commissioner.

A process, including timelines, is established for the Commissioner's review of rate requests. In certain circumstances, public notice of the request is required and the request may be subject to a hearing. Information submitted by a carrier to the Insurance Commissioner to support a rate filing regarding an individual plan will be available for public inspection.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.