

# HOUSE BILL REPORT

## HB 1303

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### As Reported by House Committee On: Health Care & Wellness

**Title:** An act relating to the insurance commissioner's authority to review and disapprove rates for certain insurance products.

**Brief Description:** Concerning the insurance commissioner's authority to review and disapprove rates for certain insurance products.

**Sponsors:** Representatives Jinkins, Kelley, Van De Wege, Liias and Reykdal; by request of Insurance Commissioner.

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 1/27/11, 2/3/11 [DP].

#### **Brief Summary of Bill**

- Repeals the expiration date on the Office of the Insurance Commissioner's authority to review health insurance rates on the individual market.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 11 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Bailey, Clibborn, Green, Harris, Kelley, Moeller and Van De Wege.

**Staff:** Jim Morishima (786-7191).

#### **Background:**

The Office of the Insurance Commissioner (OIC) has the authority to regulate health insurance companies in Washington. In 2008 the OIC was granted the authority to review insurance rates in the individual market. Individual market insurers are required to file their rates with the OIC. The OIC may disapprove the rates if they are unreasonable in relation to the benefits in the agreement. The OIC also reviews individual market insurers for compliance with statutory requirements such as adjusted community rating and medical loss

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ratios (for purposes of determining remittances to the Washington State Health Insurance Pool).

The OIC's authority to review individual market rates expires on January 1, 2012.

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**Summary of Bill:**

The expiration date on the OIC's authority to review individual market rates is repealed.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The public is concerned about rising insurance rates. Most states already have the ability to review individual market rates. This bill removes the sunset clause on individual market rate reviews, which will enable the Insurance Commissioner to take a look at rate increases. Without this bill, consumers will have to take the word of the insurance companies about rate increases without the opinion of a third party.

(Opposed) None.

**Persons Testifying:** Mike Kreidler, Office of the Insurance Commissioner; and Ingrid McDonald, Association for the Advancement of Retired Persons.

**Persons Signed In To Testify But Not Testifying:** None.