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ENGROSSED SUBSTITUTE HOUSE BILL 1220

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State of Washington

62nd Legislature

2011 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Rolfes, Cody, Appleton, Frockt, Hinkle, Lias, Fitzgibbon, Jinkins, Hunt, Van De Wege, Moeller, and Kenney; by request of Insurance Commissioner)

READ FIRST TIME 02/16/11.

1 AN ACT Relating to regulating insurance rates; amending RCW  
2 48.02.120; and adding a new section to chapter 48.43 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 48.02.120 and 1985 c 264 s 2 are each amended to read  
5 as follows:

6 (1) The commissioner shall preserve in permanent form records of  
7 his or her proceedings, hearings, investigations, and examinations, and  
8 shall file such records in his or her office.

9 (2) The records of the commissioner and insurance filings in his or  
10 her office shall be open to public inspection, except as otherwise  
11 provided by this code.

12 (3) Except as provided in subsection (4) of this section, actuarial  
13 formulas, statistics, and assumptions submitted in support of a rate or  
14 form filing by an insurer, health care service contractor, or health  
15 maintenance organization or submitted to the commissioner upon his or  
16 her request shall be withheld from public inspection in order to  
17 preserve trade secrets or prevent unfair competition.

18 (4)(a) Except as provided in (b) of this subsection, for a rate  
19 filing for an individual or small group health benefit plan with an

1 effective date on or after January 1, 2012, subsection (3) of this  
2 section applies only to the numeric values of each rating factor used  
3 by a health carrier. The remainder of the rate filing shall be open to  
4 public inspection subject to subsection (5) of this section.

5 (b) Subsection (3) of this section shall continue to apply for a  
6 period of one year from the date a new individual or small group  
7 product filing is submitted or until the next rate filing for the  
8 product, whichever occurs earlier, if the commissioner determines that  
9 the proposed rate filing is for a new product that is distinct and  
10 unique from any of the carrier's currently or previously offered health  
11 benefit plans. A carrier must make a written request for a product  
12 classification as a new product under this subsection (4)(b) and must  
13 receive subsequent written approval by the commissioner for this  
14 subsection (4)(b) to apply.

15 (5) Unless the commissioner has determined that a filing is for a  
16 new product pursuant to subsection (4) of this section, for individual  
17 or small group health benefit rate filings with an effective date on or  
18 after January 1, 2012, the commissioner shall:

19 (a) Make the portions of each rate filing that are open to public  
20 inspection available for public inspection on the tenth calendar day  
21 after the commissioner determines that the rate filing is complete and  
22 accepts the filing for review through the electronic rate and form  
23 filing system;

24 (b) Prepare a rate disclosure summary form in a standard format  
25 that is written in plain language easily understood by the general  
26 public. The summary must allow carriers to explain the relationship  
27 between premium and health care cost drivers. The summary must set  
28 forth, at a minimum, the following: (i) The rate increase, year over  
29 year, for annual increases, including historic rate adjustments for at  
30 least the past three years; (ii) any percent increase to current rates  
31 attributed to mandated changes, not including changes due to  
32 demographics; (iii) the number of members impacted by the rate; (iv)  
33 the impact of benefit changes on the rate; (v) the products' filed  
34 health care trend; (vi) the projected medical loss ratio for the rating  
35 period; (vii) the top three drivers contributing to the change in  
36 premiums; and (viii) other information added to the summary form by  
37 rule that the commissioner, in consultation with carriers, finds  
38 reasonably necessary to help consumers understand the reasons for

1 proposed and accepted rates. A carrier shall complete the disclosure  
2 summary form and submit it electronically to the commissioner along  
3 with each individual or small group health benefit plan rate filing;  
4 and

5 (c) Prepare a standardized rate summary form to explain his or her  
6 findings after the rate review process is completed. The  
7 commissioner's summary form must be included as part of the rate filing  
8 documentation available to the public electronically.

9 (6) The commissioner shall adopt rules to implement and administer  
10 this section. The rules must include, but are not limited to, a  
11 process for updating the summary form content in subsection (5)(b) of  
12 this section. In adopting rules under this section, the commissioner  
13 shall consult with carriers, as defined in RCW 48.43.005, and consumers  
14 in the development of the summary forms.

15 NEW SECTION. Sec. 2. A new section is added to chapter 48.43 RCW  
16 to read as follows:

17 A health carrier offering a health plan to a small group may not  
18 require an employer to pay more than forty percent of the employee's  
19 premium.

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