Sponsored by:
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District 35 (Bergen and Passaic)
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SYNOPSIS
Expands rate review process in DOBI for certain individual and small employer health benefits plans.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning certain health insurance rate increases and
supplementing Title 17B of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State
of New Jersey:

1. In addition to any other applicable laws or regulations, a
carrier that seeks a rate increase as part of an informational filing
for an individual or small employer health benefits plan shall
comply with all of the provisions of this act. The Department of
Banking and Insurance shall review informational filings that are
subject to this act in the manner set forth in the provisions of this
act.

2. a. An informational rate filing by a carrier for an individual
or small employer health benefits plan offered in this State shall
contain information to support and justify rate requests. A rate
increase shall be subject to expanded review by the department
pursuant to the provisions of this act if the informational rate filing
requests a rate increase of 10 percent or more annually.

b. A rate increase meets or exceeds 10 percent annually if the
average increase for all enrollees weighted by premium volume for
any plan within the product meets or exceeds the 10 percent
threshold.

c. With respect to small employer plans, rate increases
submitted on a quarterly basis shall be considered both for each
specific quarter and in combination with any previous quarterly rate
increase or increases applicable to the same calendar year when
determining whether the rate increase meets or exceeds the 10
percent threshold for expanded review.

d. For the purposes of this act, “informational filing” means a
submission, by a carrier to the department, of rate-filings which
specify the plans offered, premium rates, all factors to be used in
the calculation of premium rates, and a detailed actuarial
memorandum supporting the calculation of the rates including a
certification by a qualified member of the American Academy of
Actuaries, the Society of Actuaries, or the Casualty Actuarial
Society, all supporting data for the premium rates and such other
information as required by the department.

3. a. If the department determines that a carrier’s requested
rate increase exceeds the 10 percent threshold for expanded rate
review set forth in section 2 of this act, the department shall require
the carrier to submit to the department, in addition to any other
information required to be filed, a written description justifying the
rate increase that complies with all of the provisions of this section.

b. The carrier shall include in its written description all
information prescribed by the department, including:
(1) a simple and brief narrative describing the data and assumptions that were used to develop the rate increase;

(2) an explanation of the most significant factors causing the rate increase, including a brief description of the relevant claims and non-claims expense increases reported in the rate increase summary;

(3) a brief description of the overall experience of the plan, including historical and projected expenses, and loss ratios; and

(4) an actuarial memorandum that contains the reasoning and assumptions supporting the data.

c. (1) Upon completion of the department’s review of the rate filing, the department shall promptly make available to the public a consumer-friendly version of the written description justifying the rate increase as provided by the carrier, excluding information that is a trade secret or that is confidential commercial or financial information.

(2) The department shall include on its website, along with each written description posted on the website, information that explains:

(a) the purpose and role of the expanded rate review process; and

(b) how the public can submit comments to the department on the written description justifying the rate increase.

4. This act shall take effect immediately.

STATEMENT

This bill establishes a rate increase review process in the Department of Banking and Insurance for individual and small employer health benefits plans.

Currently, under the Affordable Care Act (ACA), New Jersey is required to maintain a process to review health insurance rate increases according to certain criteria that identifies “unreasonable” rate increases, and requires health insurance carriers to provide justifications for them. This bill makes those federal requirements a part of New Jersey statutory law, so that consumers in the State will have those protections in the event that the ACA is repealed or modified.

In addition to any other applicable laws or regulations, if a carrier seeks a rate increase as part of an informational filing for an individual or small employer health benefits plan, the increase shall be deemed to meet the rate review threshold and shall be subject to expanded review by the department if the informational rate filing requests a rate increase of 10 percent or more annually.

If the department determines that a carrier’s requested rate increase exceeds the rate review threshold, the department shall require, in addition to any information required to be filed, the
carrier to submit to the department a written description justifying
the rate increase that includes all of the following:

(1) a simple and brief narrative describing the data and
assumptions that were used to develop the rate increase;

(2) an explanation of the most significant factors causing the
rate increase, including a brief description of the relevant claims
and non-claims expense increases reported in the rate increase
summary;

(3) a brief description of the overall experience of the plan,
including historical and projected expenses, and loss ratios; and

(4) an actuarial memorandum that contains the reasoning and
assumptions supporting the data.

The bill also requires the department, upon completion of the
review of the rate filing, to promptly make available to the public a
consumer-friendly version of the written description justifying the
rate increase as provided by the carrier, excluding information that
is a trade secret or that is confidential commercial or financial
information.

The department shall include on its website, along with each
written description posted on the website, information that explains:

(1) the purpose and role of the expanded rate process, and

(2) how the public can submit comments to the department on
the written description justifying the rate increase.