

SENATE, No. 3809

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 30, 2019

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Senator JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

SYNOPSIS

Expands rate review process in DOBI for certain individual and small employer health benefits plans.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain health insurance rate increases and
2 supplementing Title 17B of the New Jersey Statutes.

3

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

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

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

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

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

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

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

47 b. The carrier shall include in its written description all
48 information prescribed by the department, including:

- 1 (1) a simple and brief narrative describing the data and
2 assumptions that were used to develop the rate increase;
- 3 (2) an explanation of the most significant factors causing the
4 rate increase, including a brief description of the relevant claims
5 and non-claims expense increases reported in the rate increase
6 summary;
- 7 (3) a brief description of the overall experience of the plan,
8 including historical and projected expenses, and loss ratios; and
- 9 (4) an actuarial memorandum that contains the reasoning and
10 assumptions supporting the data.
- 11 c. (1) Upon completion of the department's review of the rate
12 filing, the department shall promptly make available to the public a
13 consumer-friendly version of the written description justifying the
14 rate increase as provided by the carrier, excluding information that
15 is a trade secret or that is confidential commercial or financial
16 information.
- 17 (2) The department shall include on its website, along with each
18 written description posted on the website, information that explains:
- 19 (a) the purpose and role of the expanded rate review process;
20 and
- 21 (b) how the public can submit comments to the department on
22 the written description justifying the rate increase.

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24 4. This act shall take effect immediately.

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27 STATEMENT

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

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

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

46 If the department determines that a carrier's requested rate
47 increase exceeds the rate review threshold, the department shall
48 require, in addition to any information required to be filed, the

1 carrier to submit to the department a written description justifying
2 the rate increase that includes all of the following:

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

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

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

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

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

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

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

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