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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO INSURANCE -- GENDER RATING

Introduced By: Senators Sosnowski, Miller, Lynch, DiPalma, and Crowley

Date Introduced: January 24, 2012

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-18 of the General Laws entitled "Accident and Sickness
2 Insurance Policies" is hereby amended by adding thereto the following section:

3 **27-18-71. Gender rating.** – (a) No individual and/or group health insurance contract,
4 plan, or policy delivered, issued for delivery, or renewed in this state, which provides medical
5 coverage that includes coverage for physician services in a physician's office, and no policy
6 which provides major medical and/or similar comprehensive-type coverage, excluding disability
7 income, long-term care, and insurance supplemental policies which only provide coverage for
8 specified diseases or other supplemental policies, shall vary the premium rate for a health
9 coverage plan based on the gender of the individual policy holders, enrollees, subscribers, or
10 members.

11 (b) This section shall not apply to insurance coverage providing benefits for any of the
12 following:

13 (1) Hospital confinement indemnity;

14 (2) Disability income;

15 (3) Accident only;

16 (4) Long-term care;

17 (5) Medicare supplement;

18 (6) Limited benefit health;

19 (7) Specified diseased indemnity;

1 [\(8\) Sickness of bodily injury or death by accident or both; and/or](#)

2 [\(9\) Other limited benefit policies.](#)

3 SECTION 2. Chapter 27-19 of the General Laws entitled "Nonprofit Hospital Service
4 Corporations" is hereby amended by adding thereto the following section:

5 **27-19-62. Gender rating.** – [\(a\) No individual and/or group health insurance contract,](#)
6 [plan, or policy delivered, issued for delivery, or renewed in this state, which provides medical](#)
7 [coverage that includes coverage for physician services in a physician’s office, and no policy](#)
8 [which provides major medical and/or similar comprehensive-type coverage, excluding disability](#)
9 [income, long-term care, and insurance supplemental policies which only provide coverage for](#)
10 [specified diseases or other supplemental policies, shall vary the premium rate for a health](#)
11 [coverage plan based on the gender of the individual policy holders, enrollees, subscribers, or](#)
12 [members.](#)

13 [\(b\) This section shall not apply to insurance coverage providing benefits for any of the](#)
14 [following:](#)

15 [\(1\) Hospital confinement indemnity;](#)

16 [\(2\) Disability income;](#)

17 [\(3\) Accident only;](#)

18 [\(4\) Long-term care;](#)

19 [\(5\) Medicare supplement;](#)

20 [\(6\) Limited benefit health;](#)

21 [\(7\) Specified diseased indemnity;](#)

22 [\(8\) Sickness of bodily injury or death by accident or both; and/or](#)

23 [\(9\) Other limited benefit policies.](#)

24 SECTION 3. Chapter 27-20 of the General Laws entitled "Nonprofit Medical Service
25 Corporations" is hereby amended by adding thereto the following section:

26 **27-20-57. Gender rating.** – [\(a\) No individual and/or group health insurance contract,](#)
27 [plan, or policy delivered, issued for delivery, or renewed in this state, which provides medical](#)
28 [coverage that includes coverage for physician services in a physician’s office, and no policy](#)
29 [which provides major medical and/or similar comprehensive-type coverage, excluding disability](#)
30 [income, long-term care, and insurance supplemental policies which only provide coverage for](#)
31 [specified diseases or other supplemental policies, shall vary the premium rate for a health](#)
32 [coverage plan based on the gender of the individual policy holders, enrollees, subscribers, or](#)
33 [members.](#)

34 [\(b\) This section shall not apply to insurance coverage providing benefits for any of the](#)

1 following:

- 2 (1) Hospital confinement indemnity;
- 3 (2) Disability income;
- 4 (3) Accident only;
- 5 (4) Long-term care;
- 6 (5) Medicare supplement;
- 7 (6) Limited benefit health;
- 8 (7) Specified diseased indemnity;
- 9 (8) Sickness of bodily injury or death by accident or both; and/or
- 10 (9) Other limited benefit policies.

11 SECTION 4. Chapter 27-41 of the General Laws entitled "Health Maintenance
12 Organizations" is hereby amended by adding thereto the following section:

13 **27-41-75. Gender rating.** – (a) No individual and/or group health insurance contract,
14 plan, or policy delivered, issued for delivery, or renewed in this state, which provides medical
15 coverage that includes coverage for physician services in a physician's office, and no policy
16 which provides major medical and/or similar comprehensive-type coverage, excluding disability
17 income, long-term care, and insurance supplemental policies which only provide coverage for
18 specified diseases or other supplemental policies, shall vary the premium rate for a health
19 coverage plan based on the gender of the individual policy holders, enrollees, subscribers, or
20 members.

21 (b) This section shall not apply to insurance coverage providing benefits for any of the
22 following:

- 23 (1) Hospital confinement indemnity;
- 24 (2) Disability income;
- 25 (3) Accident only;
- 26 (4) Long-term care;
- 27 (5) Medicare supplement;
- 28 (6) Limited benefit health;
- 29 (7) Specified diseased indemnity;
- 30 (8) Sickness of bodily injury or death by accident or both; and/or
- 31 (9) Other limited benefit policies.

32 SECTION 5. Section 27-50-5 of the General Laws in Chapter 27-50 entitled "Small
33 Employer Health Insurance Availability Act" is hereby amended to read as follows:

34 **27-50-5. Restrictions relating to premium rates.** -- (a) Premium rates for health benefit

1 plans subject to this chapter are subject to the following provisions:

2 (1) Subject to subdivision (2) of this subsection, a small employer carrier shall develop
3 its rates based on an adjusted community rate and may only vary the adjusted community rate for:

4 (i) Age; [and](#)

5 ~~(ii) Gender; and~~

6 ~~(iii)~~(ii) Family composition;

7 (2) The adjustment for age in paragraph (1)(i) of this subsection may not use age
8 brackets smaller than five (5) year increments and these shall begin with age thirty (30) and end
9 with age sixty-five (65).

10 (3) The small employer carriers are permitted to develop separate rates for individuals
11 age sixty-five (65) or older for coverage for which Medicare is the primary payer and coverage
12 for which Medicare is not the primary payer. Both rates are subject to the requirements of this
13 subsection.

14 (4) For each health benefit plan offered by a carrier, the highest premium rate for each
15 family composition type shall not exceed four (4) times the premium rate that could be charged to
16 a small employer with the lowest premium rate for that family composition.

17 (5) Premium rates for bona fide associations except for the Rhode Island Builders'
18 Association whose membership is limited to those who are actively involved in supporting the
19 construction industry in Rhode Island shall comply with the requirements of section 27-50-5.

20 (6) For a small employer group renewing its health insurance with the same small
21 employer carrier which provided it small employer health insurance in the prior year, the
22 combined adjustment factor for age and gender for that small employer group will not exceed one
23 hundred twenty percent (120%) of the combined adjustment factor for age and gender for that
24 small employer group in the prior rate year.

25 (b) The premium charged for a health benefit plan may not be adjusted more frequently
26 than annually except that the rates may be changed to reflect:

27 (1) Changes to the enrollment of the small employer;

28 (2) Changes to the family composition of the employee; or

29 (3) Changes to the health benefit plan requested by the small employer.

30 (c) Premium rates for health benefit plans shall comply with the requirements of this
31 section.

32 (d) Small employer carriers shall apply rating factors consistently with respect to all
33 small employers. Rating factors shall produce premiums for identical groups that differ only by
34 the amounts attributable to plan design and do not reflect differences due to the nature of the

1 groups assumed to select particular health benefit plans. Two groups that are otherwise identical,
2 but which have different prior year rate factors may, however, have rating factors that produce
3 premiums that differ because of the requirements of subdivision 27-50-5(a)(6). Nothing in this
4 section shall be construed to prevent a group health plan and a health insurance carrier offering
5 health insurance coverage from establishing premium discounts or rebates or modifying
6 otherwise applicable copayments or deductibles in return for adherence to programs of health
7 promotion and disease prevention, including those included in affordable health benefit plans,
8 provided that the resulting rates comply with the other requirements of this section, including
9 subdivision (a)(5) of this section.

10 The calculation of premium discounts, rebates, or modifications to otherwise applicable
11 copayments or deductibles for affordable health benefit plans shall be made in a manner
12 consistent with accepted actuarial standards and based on actual or reasonably anticipated small
13 employer claims experience. As used in the preceding sentence, "accepted actuarial standards"
14 includes actuarially appropriate use of relevant data from outside the claims experience of small
15 employers covered by affordable health plans, including, but not limited to, experience derived
16 from the large group market, as this term is defined in section 27-18.6-2(19).

17 (e) For the purposes of this section, a health benefit plan that contains a restricted
18 network provision shall not be considered similar coverage to a health benefit plan that does not
19 contain such a provision, provided that the restriction of benefits to network providers results in
20 substantial differences in claim costs.

21 (f) The health insurance commissioner may establish regulations to implement the
22 provisions of this section and to assure that rating practices used by small employer carriers are
23 consistent with the purposes of this chapter, including regulations that assure that differences in
24 rates charged for health benefit plans by small employer carriers are reasonable and reflect
25 objective differences in plan design or coverage (not including differences due to the nature of the
26 groups assumed to select particular health benefit plans or separate claim experience for
27 individual health benefit plans) and to ensure that small employer groups with one eligible
28 subscriber are notified of rates for health benefit plans in the individual market.

29 (g) In connection with the offering for sale of any health benefit plan to a small
30 employer, a small employer carrier shall make a reasonable disclosure, as part of its solicitation
31 and sales materials, of all of the following:

32 (1) The provisions of the health benefit plan concerning the small employer carrier's
33 right to change premium rates and the factors, other than claim experience, that affect changes in
34 premium rates;

- 1 (2) The provisions relating to renewability of policies and contracts;
- 2 (3) The provisions relating to any preexisting condition provision; and
- 3 (4) A listing of and descriptive information, including benefits and premiums, about all
- 4 benefit plans for which the small employer is qualified.

5 (h) (1) Each small employer carrier shall maintain at its principal place of business a

6 complete and detailed description of its rating practices and renewal underwriting practices,

7 including information and documentation that demonstrate that its rating methods and practices

8 are based upon commonly accepted actuarial assumptions and are in accordance with sound

9 actuarial principles.

10 (2) Each small employer carrier shall file with the commissioner annually on or before

11 March 15 an actuarial certification certifying that the carrier is in compliance with this chapter

12 and that the rating methods of the small employer carrier are actuarially sound. The certification

13 shall be in a form and manner, and shall contain the information, specified by the commissioner.

14 A copy of the certification shall be retained by the small employer carrier at its principal place of

15 business.

16 (3) A small employer carrier shall make the information and documentation described in

17 subdivision (1) of this subsection available to the commissioner upon request. Except in cases of

18 violations of this chapter, the information shall be considered proprietary and trade secret

19 information and shall not be subject to disclosure by the director to persons outside of the

20 department except as agreed to by the small employer carrier or as ordered by a court of

21 competent jurisdiction.

22 (4) For the wellness health benefit plan described in section 27-50-10, the rates proposed

23 to be charged and the plan design to be offered by any carrier shall be filed by the carrier at the

24 office of the commissioner no less than thirty (30) days prior to their proposed date of use. The

25 carrier shall be required to establish that the rates proposed to be charged and the plan design to

26 be offered are consistent with the proper conduct of its business and with the interest of the

27 public. The commissioner may approve, disapprove, or modify the rates and/or approve or

28 disapprove the plan design proposed to be offered by the carrier. Any disapproval by the

29 commissioner of a plan design proposed to be offered shall be based upon a determination that

30 the plan design is not consistent with the criteria established pursuant to subsection 27-50-10(b).

31 (i) The requirements of this section apply to all health benefit plans issued or renewed on

32 or after October 1, 2000.

1 SECTION 6. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- GENDER RATING

1 This act would provide that insurance companies shall not vary the premium rates
2 charged for a health coverage plan based on the gender of the individual policy holder, enrollee,
3 subscriber, or member.

4 This act would take effect upon passage.

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