

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2642 Session of 2008

INTRODUCED BY DeLUCA, BIANCUCCI, SHAPIRO, GERBER, MELIO, WALKO, READSHAW, KOTIK, GRUCELA, SURRA, DePASQUALE, DERMODY, EACHUS, KORTZ, GERGELY, McILVAINE SMITH, KULA, PALLONE, TANGRETTI, FREEMAN, PETRONE, DeWEESE, PETRARCA, FABRIZIO, HARKINS, VITALI AND CALTAGIRONE, JUNE 13, 2008

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 27, 2008

AN ACT

1 Providing for health insurance rate increase standards.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Health
6 Insurance Rate Increase Standards Act.

7 Section 2. Definitions.

8 The following words and phrases when used in this act shall
9 have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "BEST PRACTICES." NATIONALLY RECOGNIZED STANDARDS OF
12 CRITERIA, MEASURES AND RESULTS DEVELOPED BY RECOGNIZED
13 ORGANIZATIONS SUCH AS THE NATIONAL COMMITTEE FOR QUALITY
14 ASSURANCE AND THE CENTERS FOR MEDICARE AND MEDICAID SERVICES,
15 CONSULTING FIRM BENCHMARKS AND MEDICAL AND INDUSTRY JOURNALS

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1 THAT PROMOTE THE PRECISIONS OF EFFICIENT DELIVERY AND DESIGN OF
2 HEALTH CARE SERVICES.

3 "CHRONIC CARE MANAGEMENT." A HEALTH INSURANCE POLICY
4 PROVIDING COVERAGE FOR PATIENT SUPPORT OF A HEALTH CARE TEAM
5 THAT PLAYS AN ACTIVE ROLE IN THE CARE OF A PATIENT AND ASSURES
6 INFRASTRUCTURE EXISTS TO ENSURE COMPLIANCE WITH ESTABLISHED
7 PRACTICE GUIDELINES.

8 "Department." The Insurance Department of the Commonwealth.

9 "EFFICIENTLY." WHEN THE AVERAGE MEDICAL LOSS RATIO OF AN
10 INSURER IS 85% OR GREATER. ←

11 "Health care-associated infection." A localized or systemic
12 condition that results from an adverse reaction to the presence
13 of an infectious agent or its toxins that:

14 (1) Occurs in a patient in a health care setting.

15 (2) Was not present or incubating at the time of
16 admission, unless the infection was related to a previous
17 admission to the same setting.

18 (3) If occurring in a hospital setting, meets the
19 criteria for a specific infection site as defined by the
20 Centers for Disease Control and Prevention and its National
21 Healthcare Safety Network.

22 "Insurer." A company or health insurance entity licensed in
23 this Commonwealth to issue any individual or group health,
24 sickness or accident policy or subscriber contract or
25 certificate or plan that provides medical or health care
26 coverage by a health care facility or licensed health care
27 provider that is offered or governed under this act or any of
28 the following:

29 (1) The act of December 29, 1972 (P.L.1701, No.364),
30 known as the Health Maintenance Organization Act.

1 (2) The act of May 18, 1976 (P.L.123, No.54), known as
2 the Individual Accident and Sickness Insurance Minimum
3 Standards Act.

4 (3) 40 Pa.C.S. Ch. 61 (relating to hospital plan
5 corporations) or 63 (relating to professional health services
6 plan corporations).

7 "MEDICAL LOSS RATIO." THE RATIO OF INCURRED MEDICAL CLAIM ←
8 COSTS TO EARNED PREMIUMS.

9 "Nurse-managed health clinic." A nurse practice arrangement,
10 managed by advanced practice nurses that provides primary care
11 and is associated with a school, college or department of
12 nursing, federally qualified health center or an independent
13 nonprofit health or social services agency.

14 "Preventable serious adverse event." A clearly defined
15 condition or negative consequence of care that results in
16 unintended injury or illness that could have been anticipated
17 and prepared for, but that occurs because of an error or other
18 system failure and results in a patient's death, loss of a body
19 part, disability or loss of bodily function lasting more than
20 seven days.

21 Section 3. Health insurance rate increase review.

22 In conjunction with and in addition to the standards set
23 forth under the act of December 18, 1996 (P.L.1066, No.159),
24 known as the Accident and Health Filing Reform Act, and all
25 other applicable statutory and regulatory requirements, the
26 department may disapprove a rate filing based upon the
27 following:

28 (1) The rate is not actuarially sound.

29 (2) The increase is requested because the insurer has
30 not operated efficiently or has factored in experience

1 conflicting with recognized best practices in the health care
2 industry.

3 (3) The increase is requested because the insurer has
4 incurred costs of additional care due to the following:

5 (i) Avoidable health care-associated infections.

6 (ii) Avoidable hospitalizations due to ineffective
7 chronic care management, after data for the incident is
8 available for the department and the insurer to analyze.

9 (iii) Preventable serious adverse events.

10 (iv) The insurer does not reimburse for charges
11 submitted for services provided by a nurse-managed

12 clinic. ~~that is credentialed by the Department of Health.~~ <—

13 (V) THE INSURER DOES NOT INCLUDE ADVANCED PRACTICE <—

14 NURSES LICENSED BY THE DEPARTMENT OF STATE IN ITS
15 PROVIDER NETWORKS OR REIMBURSE THOSE PROVIDERS FOR
16 CHARGES SUBMITTED FOR SERVICES PROVIDED.

17 Section 4. Effective date.

18 This act shall take effect in 180 days.