

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2806 Session of  
2004

INTRODUCED BY BROWNE, BALDWIN, CAPPELLI, CAWLEY, CRAHALLA,  
DAILEY, DENLINGER, GEIST, GEORGE, GOODMAN, HARHART,  
HENNESSEY, HERSHEY, HORSEY, JAMES, MACKERETH, MILLARD, MUNDY,  
SCAVELLO, SEMMEL, THOMAS, TIGUE, WEBER, YOUNGBLOOD, YUDICHAK  
AND E. Z. TAYLOR, JULY 16, 2004

REFERRED TO COMMITTEE ON INSURANCE, JULY 16, 2004

AN ACT

1 Amending the act of December 18, 1996 (P.L.1066, No.159),  
2 entitled "An act providing for review procedures pertaining  
3 to accident and health insurance form and rate filings;  
4 providing penalties; and making repeals," further providing  
5 for required group rate filings.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Section 3(e) of the act of December 18, 1996  
9 (P.L.1066, No.159), known as the Accident and Health Filing  
10 Reform Act, is amended to read:

11 Section 3. Required filings.

12 \* \* \*

13 (e) Required group rate filings.--Each [hospital plan  
14 corporation, professional health services plan corporation]  
15 insurer and HMO shall file with the department rates for  
16 accident and health insurance policies which it proposes to  
17 issue on a group, blanket or franchise basis in this  
18 Commonwealth in accordance with the following:

1           (1) Each [hospital plan corporation, professional health  
2 services plan corporation] insurer and HMO shall establish a  
3 base rate which is not excessive, inadequate or unfairly  
4 discriminatory. The initial base rate for existing [hospital  
5 plan corporations, professional health services plan  
6 corporations] insurers and HMOs shall be the rate or the  
7 rating formula currently on file and approved by the  
8 department as of the effective date of this act. The initial  
9 base rate or base rating formula for any [hospital plan  
10 corporation, professional health services plan corporation]  
11 insurer or HMO with no base rate or base rating formula on  
12 file and approved as of the effective date of this act shall  
13 be subject to filing, review and prior approval by the  
14 department.

15           (2) Proposed changes to an approved base rate or any  
16 approved component of an approved rating formula which effect  
17 an increase or decrease in the approved base rate or in an  
18 approved component of an approved rating formula of more than  
19 10% annually in the aggregate shall be subject to filing,  
20 review and prior approval by the department.

21           (3) Proposed changes to an approved base rate or any  
22 approved component of an approved rating formula which effect  
23 an increase or decrease in the approved base rate or in an  
24 approved component of an approved rating formula of not more  
25 than 10% annually in the aggregate shall be subject to filing  
26 and review in accordance with the provisions of section 4.

27           (4) Rates developed for a specific group which do not  
28 deviate from the base rate or base rate formula by more than  
29 15% may be used without filing with the department.

30           (5) Rates developed for a specific group which deviate

1 from the base rate or base rate formula by more than 15%  
2 shall be subject to filing and review in accordance with the  
3 provisions of section 4.

4 (6) The commissioner shall have discretion to exempt any  
5 type or kind of rate filing under this subsection by  
6 regulation.

7 \* \* \*

8 Section 2. This act shall take effect in 60 days.