

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

BILL NO. Senate Bill 1336

PRINTER'S NO. 1825

AMOUNT

No Fiscal Impact

FUND

General

DATE INTRODUCED

November 10, 2011

PRIME SPONSOR

Senator D. White

HISTORY OF BILL

Referred to BANKING AND INSURANCE, Nov. 10, 2011

Reported as committed, Nov. 15, 2011

First consideration, Nov. 15, 2011

Re-referred to APPROPRIATIONS, Nov. 16, 2011

Re-reported as amended, Dec. 5, 2011

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1336 establishes the authority for Pennsylvania to review insurance rates for the small group market. The Affordable Care Act (ACA) requires that, in any State, any proposed rate increase by individual or small group market insurers at or above 10 percent will be scrutinized by independent experts to make sure it is justified. Pennsylvania currently does not have the authority to review these rates; therefore, the federal government has taken over the review of these rates. The passage of this bill will reestablish Pennsylvania's ability to regulate rates for Pennsylvanians.

The bill creates chapter divisions to allow Pennsylvania to go back to the current law if the rate review process of the ACA is determined invalid or is repealed. The bill also establishes the scope of filings that are subject to review, timing of filings and use, review procedures, reporting required under federal law, public comment and a provision for Pennsylvania Insurance Department to promulgate regulations.

Effective immediately on passage of the bill, if the rate review process of the ACA is determined invalid or is repealed then the commissioner will notify Legislative Reference Bureau for publication in the Pennsylvania Bulletin. After the publication of the bulletin, Chapter 5 of the act will take effect which will revert the law to its original form before passage of this bill.

The remainder of the bill will go into effect after 90 days.

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FISCAL IMPACT:

The enactment of this bill will not have a fiscal impact. The Department of Insurance currently reviews insurance rates, this bill will expand the number of rates to be reviewed which may be done within current compliment levels. If the number of rates exceed the capacity of the Department, a provision in the bill enables the Department to hire an actuarial firm to assist in the review of rate filings. The costs of these actuarial services will be paid by the insurer, not the Commonwealth.