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House of Representatives
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MEMORANDUM

Date: January 3, 2011
To: All House Members
From: Representative Tony DeLuca
Subject: Co-sponsorship of Legislation: Small Group Reform

In the near future, I will be re-introducing HB 2758 from last session. This important legislation will produce the first ever significant insurance reform of the small group market in the Commonwealth. This legislation has its foundation in House Bill 746, which passed the House in June; however, several of the reforms included in the federal Patient Protection and Affordable Care Act now warrant a restructuring of the language in HB 746.

Under my new bill, many of the protections to be afforded small employers by HB 746 remain intact. These protections include limitations on the medical loss ratios that companies can use in writing small business health insurance, fair marketing of small group insurance plans, and reporting data to the Insurance Department that can be used for rate review. Moreover, all small group insurers will be required to obtain Department approval of their rates. Lastly, the legislation provides for monetary and licensing penalties in the event that the law is violated.

This legislation acts as follow-up to the public hearings conducted by the House Insurance Committee late last session. Those hearings had been prompted by the substantial rate increases felt by numerous small businesses when their carrier switched the insured small business from the carrier's not-for-profit company to their for-profit company. The Committee heard a great deal of about the incredible burdens these rate increases are placing on small businesses and this bill is an opportunity to prevent those issues from arising in the future.

Please join me in co-sponsoring this bill by contacting Stacia R. Longenecker at slongene@pahouse.net or calling 787-4437.

AMD/srl

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