

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 AND  
VITALI, JUNE 13, 2008

REFERRED TO COMMITTEE ON INSURANCE, JUNE 13, 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 "Department." The Insurance Department of the Commonwealth.

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

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

16 (2) Was not present or incubating at the time of

admission, unless the infection was related to a previous admission to the same setting.

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

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

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

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

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

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

"Preventable serious adverse event." A clearly defined condition or negative consequence of care that results in unintended injury or illness that could have been anticipated and prepared for, but that occurs because of an error or other

1 system failure and results in a patient's death, loss of a body  
2 part, disability or loss of bodily function lasting more than  
3 seven days.

#### 4 Section 3. Health insurance rate increase review.

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

11 (1) The rate is not actuarially sound.

12 (2) The increase is requested because the insurer has  
13 not operated efficiently or has factored in experience  
14 conflicting with recognized best practices in the health care  
15 industry.

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

18 (i) Avoidable health care-associated infections.

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

22 (iii) Preventable serious adverse events.

23 (iv) The insurer does not reimburse for charges  
24 submitted for services provided by a nurse-managed clinic  
25 that is credentialed by the Department of Health.

#### 26 Section 4. Effective date.

27 This act shall take effect in 180 days.