



2017 ASSEMBLY BILL 1017

March 12, 2018 - Introduced by Representatives ANDERSON, RIEMER, BERCEAU, ZAMARRIPA, SARGENT, SPREITZER, SINICKI, SUBECK, BROSTOFF and POPE, cosponsored by Senators HANSEN, VINEHOUT, RISSER and LARSON. Referred to Committee on Insurance.

1 **AN ACT to amend** 625.03 (1m) (e), 625.13 (1), 625.15 (2), 625.21 (1), 625.22 (1),
2 625.22 (3) and 625.23; and **to create** 625.25 of the statutes; **relating to:**
3 approval of certain rate increases for health insurance.

Analysis by the Legislative Reference Bureau

This bill requires that rates for health insurance policies and plans be filed before the rate is applied and requires approval by the commissioner of insurance of any rate that increases 10 percent or more. Currently, insurers must file premium rates, and changes to premium rates, for all types of insurance with the Office of the Commissioner of Insurance within 30 days after the rates or rate changes become effective. Current law prohibits premium rates from being excessive, inadequate, or unfairly discriminatory and provides guidelines for determining whether rates comply with those standards. The commissioner of insurance may order that a rate be discontinued for any policy issued or renewed after a date specified in the order if, after a hearing, the commissioner determines that the rate does not comply with those standards.

The bill requires that an insurer that writes health insurance must file with OCI premium rates, and changes to premium rates, for health insurance before those rates or changes to rates become effective. If a proposed rate is an increase of 10 percent or more, an insurer may not use the rate unless approved by the commissioner. For any other rates or rate changes, unless the commissioner holds a hearing on a rate or change to a rate, the rate or changed rate is approved if the commissioner does not disapprove the rate within 30 days after it was filed with OCI.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 625.03 (1m) (e) of the statutes is amended to read:

2 625.03 (1m) (e) ~~Group~~ Except for group health benefit plans, as defined in s.
3 632.745 (9), group and blanket accident and sickness insurance other than credit
4 accident and sickness insurance.

5 **SECTION 2.** 625.13 (1) of the statutes is amended to read:

6 625.13 (1) FILING PROCEDURE. Except as provided in sub. (2) and s. 625.25 (2)
7 (a), every authorized insurer and every rate service organization licensed under s.
8 625.31 which has been designated by any insurer for the filing of rates under s.
9 625.15 (2) shall file with the commissioner all rates and supplementary rate
10 information and all changes and amendments thereof made by it for use in this state
11 within 30 days after they become effective.

12 **SECTION 3.** 625.15 (2) of the statutes is amended to read:

13 625.15 (2) RATE FILING. An insurer may discharge its obligation under s. 625.13
14 (1) or 625.25 (2) (a) by giving notice to the commissioner that it uses rates and
15 supplementary rate information prepared by a designated rate service organization,
16 with such information about modifications thereof as is necessary fully to inform the
17 commissioner. The insurer's rates or proposed rates and supplementary rate
18 information shall be those filed from time to time by the rate service organization,
19 including any amendments or proposed amendments thereto as filed, subject,
20 however, to the modifications filed by the insurer.

21 **SECTION 4.** 625.21 (1) of the statutes is amended to read:

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1 625.21 (1) RULE INSTITUTING DELAYED EFFECT. If the commissioner finds that
2 competition is not an effective regulator of the rates charged or that a substantial
3 number of companies are competing irresponsibly through the rates charged, or that
4 there are widespread violations of this chapter, in any kind or line of insurance or
5 subdivision thereof or in any rating class or rating territory, he or she may
6 promulgate a rule requiring that in the kind or line of insurance or subdivision
7 thereof or rating class or rating territory comprehended by the finding any
8 subsequent changes in the rates or supplementary rate information be filed with the
9 commissioner at least 15 days before they become effective. The commissioner may
10 extend the waiting period for not to exceed 15 additional days by written notice to
11 the filer before the first 15-day period expires. This subsection does not apply to a
12 health benefit plan subject to s. 625.25 (2) (a).

13 **SECTION 5.** 625.22 (1) of the statutes is amended to read:

14 625.22 (1) ORDER IN EVENT OF VIOLATION. If the commissioner finds after a
15 hearing that a rate or proposed rate is not in compliance with s. 625.11, the
16 commissioner shall order that its use be discontinued, or that it may not be used, for
17 any policy issued or renewed after a date specified in the order.

18 **SECTION 6.** 625.22 (3) of the statutes is amended to read:

19 625.22 (3) APPROVAL OF SUBSTITUTED RATE. ~~Within~~ Except for rates for health
20 benefit plans subject to s. 625.25 (2) (a), within one year after the effective date of an
21 order under sub. (1), no rate promulgated to replace a disapproved one may be used
22 until it has been filed with the commissioner and not disapproved within 30 days
23 thereafter.

24 **SECTION 7.** 625.23 of the statutes is amended to read:

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1 **625.23 Special restrictions on individual insurers.** The commissioner
2 may by order require that a particular insurer file any or all of its rates and
3 supplementary rate information 15 days prior to their effective date, if and to the
4 extent that he or she finds, after a hearing, that the protection of the interests of its
5 insureds and the public in this state requires closer supervision of its rates because
6 of the insurer's financial condition or rating practices. The commissioner may extend
7 the waiting period for any filing for not to exceed 15 additional days by written notice
8 to the insurer before the first 15-day period expires. A filing not disapproved before
9 the expiration of the waiting period shall be deemed to meet the requirements of this
10 chapter, subject to the possibility of subsequent disapproval under s. 625.22. This
11 section does not apply to health benefit plans subject to s. 625.25 (2).

12 **SECTION 8.** 625.25 of the statutes is created to read:

13 **625.25 Rates for health insurance. (1) DEFINITIONS.** In this section:

14 (a) "Group health benefit plan" has the meaning given in s. 632.745 (9).

15 (b) "Health benefit plan" has the meaning given in s. 632.745 (11).

16 **(2) FILING OF RATES; HEARING.** (a) Every insurer organization designated to file
17 rates for a health benefit plan shall file with the commissioner all proposed rates and
18 supplementary rate information, and all proposed changes and amendments to rates
19 and supplementary rate information, for use in this state for any health benefit plan,
20 including a group health benefit plan, offered before the proposed rates or changes
21 to rates become effective.

22 (b) If a proposed rate filed under par. (a) for a health benefit plan is an increase
23 of 10 percent or more over the rate in effect for a health benefit plan, an insurer may
24 not use a proposed rate or change to a rate until it has been approved by the
25 commissioner.

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1 (c) For a proposed rate filed under par. (a) that is not subject to par. (b), unless
2 the commissioner holds a hearing on the proposed rate or change to a rate, a proposed
3 rate or change to a rate is approved if the commissioner does not disapprove the
4 proposed rate or change within 30 days after filing, or within a 30-day extension of
5 that period ordered by the commissioner prior to the expiration of the first 30 days.

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(END)