HOUSE BILL 2005
By Elam

SENATE BILL 1539

By Norris

AN ACT to amend Tennessee Code Annotated, Title 56, relative to the state's process for review of health insurance rate increases.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 26, is amended by adding the following language as a new Part 1, redesignating the existing Part 1 as Part 2, and renumbering the provisions accordingly:

Part 1 – Federal Compliance

56-26-101. Rate Increase Disclosure and Review

No individual or small or large group policy or contract issued by a hospital and medical service corporation of accident and sickness insurance shall be delivered or issued for delivery in this state, nor shall any endorsement, rider, or application that becomes a part of any such policy be used in connection therewith until a copy of the form and of the premium rates and of the classifications of risk pertaining thereto has been filed with the commissioner of commerce and insurance, and unless the commissioner finds that the premium charged is not unreasonable, based upon such reasonable regulations as the commissioner may promulgate; nor shall any such policy, endorsement, rider or application be so used until the expiration of thirty (30) days after the form has been filed, unless the commissioner sooner gives the commissioner's written approval.

56-26-102. Medical Loss Ratio – Rebates

The commissioner of commerce and insurance retains the right to intervene on behalf of a company deemed to be in danger of becoming insolvent relative to any forced rebate of premium.

56-26-103. Rulemaking

The commissioner may, after notice and hearing, promulgate reasonable regulations to carry out the provisions of this chapter. Such regulations shall be subject to review in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

56-26-104. Severability

If any provision of this Chapter or its application to any person or circumstance is for any reason held to be invalid by any court of law, the remainder of this Chapter and its application to other persons or circumstances shall not be affected.

SECTION 2. Tennessee Code Annotated, Title 56, Chapter 26, Section 102(a), is amended by deleting from the first sentence in that subsection this clause:

"provided, that in the case of experience-rated group insurance, premium rates and classifications of risks need not be filed but shall be maintained by the insurance company and made available for review by the commissioner upon the commissioner's request"

And further amended by adding the following clause after the word "promulgate":

",modification of these approved forms or rates will require the prior approval of the Commissioner;"

So that, as amended, the first sentence of Section 102(a) shall read:

"No policy of accident and sickness insurance shall be delivered or issued for delivery in this state, nor shall any endorsement, rider, or application that becomes a part of any such policy be used in connection therewith until a copy of the form and of the premium rates and of the classifications of risk pertaining thereto has been filed with the commissioner of commerce and insurance, and unless the commissioner finds that

the benefits provided in the policy are reasonable in relation to the premium charged, based upon such reasonable regulations as the commissioner may promulgate, modification of these approved forms or rates will require the prior approval of the Commissioner; nor shall any such policy, endorsement, rider or application be so used until the expiration of thirty (30) days after the form has been filed, unless the commissioner sooner gives the commissioner's written approval.

SECTION 3. Tennessee Code Annotated, Title 56, Chapter 29, Section 116(b), is amended by deleting from the first sentence in that subsection this clause:

"; provided, that in the case of experience-rated group insurance, premium rates and classifications of risks need not be filed but shall be maintained by the hospital and medical service corporations and made available for review by the commissioner upon the commissioner's request"

So that, as amended, Section 116(b) shall read:

"All contracts issued by the corporation to the subscribers shall constitute individually and jointly direct obligations of the hospital or hospitals with which the corporation has contracted for hospital service. The rates charges to the subscriber for hospital service, the rates of payment by the corporation to the contracting hospital or hospitals, and the rates charged for medical expense indemnity at all times shall be subject to the approval or disapproval of the commissioner".

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.