

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 550

Introduced by Lindstrom, 18.

Read first time January 18, 2017

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to the Comprehensive Health Insurance Pool
- 2 Act; to amend section 44-4227, Reissue Revised Statutes of Nebraska;
- 3 to eliminate provisions relating to an independent actuary; and to
- 4 repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-4227, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 44-4227 (1)(a) For calendar years prior to January 1, 2010, rates
4 and rate schedules may be adjusted for appropriate risk factors such as
5 age, sex, and area variation in claim costs in accordance with
6 established actuarial and underwriting practices. Special rates shall be
7 provided for children under eighteen years of age.

8 (b) For calendar years prior to January 1, 2010, the pool, with the
9 assistance of an independent actuary, shall determine the standard risk
10 rate by calculating the average individual rate charged by the five
11 insurers writing the largest amount of individual health insurance
12 coverage in the state actuarially adjusted to be comparable with the pool
13 coverage, except that such five insurers shall not include any insurer
14 which has not been writing individual health insurance coverage in this
15 state in at least the three preceding calendar years. The selection of
16 the independent actuary shall be subject to the approval of the director.
17 In the event five insurers do not offer comparable coverage, the standard
18 risk rate shall be established using reasonable actuarial techniques and
19 shall reflect anticipated risk experience and expenses for such coverage.
20 The annual premium rate established for pool coverage shall be one
21 hundred thirty-five percent of rates established as applicable for
22 individual standard risks, except that the annual premium rate
23 established for pool coverage for children under eighteen years of age
24 shall be sixty-seven and five-tenths percent of rates established as
25 applicable for individual standard risks.

26 (2)(a) For calendar years beginning on and after January 1, 2010,
27 rates and rate schedules may be adjusted for appropriate risk factors
28 such as age, sex, and area variation in claim costs in accordance with
29 established actuarial and underwriting practices.

30 (b)(i) For calendar years beginning on and after January 1, 2010,
31 the pool, ~~with the assistance of an independent actuary,~~ shall determine

1 the standard risk rate by calculating the average individual rate charged
2 by the ten insurers writing the largest amount of individual health
3 insurance coverage in the state actuarially adjusted to be comparable
4 with the pool coverage, except that such ten insurers shall not include
5 any insurer which has not been writing individual health insurance
6 coverage in this state in at least the three preceding calendar years.
7 ~~The selection of the independent actuary shall be subject to the approval~~
8 ~~of the director.~~ In the event ten insurers do not offer comparable
9 coverage, the standard risk rate shall be established using reasonable
10 actuarial techniques and shall reflect anticipated risk experience and
11 expenses for such coverage.

12 (ii)(A) The annual premium rate established for pool coverage for
13 calendar year 2010 (I) shall be one hundred forty percent of rates
14 established as applicable for individual standard risks or (II) shall be
15 the rates established as applicable for individual standard risks for the
16 previous calendar year adjusted by a trend factor reflecting medical
17 economic factors as the board deems appropriate, whichever is greater.

18 (B) The annual premium rate established for pool coverage for
19 calendar year 2011 (I) shall be one hundred forty-five percent of rates
20 established as applicable for individual standard risks or (II) shall be
21 the rates established as applicable for individual standard risks for the
22 previous calendar year adjusted by a trend factor reflecting medical
23 economic factors as the board deems appropriate, whichever is greater.

24 (C) The annual premium rate established for pool coverage for
25 calendar year 2012 and each calendar year thereafter (I) shall be one
26 hundred fifty percent of rates established as applicable for individual
27 standard risks or (II) shall be the rates established as applicable for
28 individual standard risks for the previous calendar year adjusted by a
29 trend factor reflecting medical economic factors as the board deems
30 appropriate, whichever is greater.

31 (3) The board shall not adjust or increase pool rates more than one

1 time during any calendar year. All rates and rate schedules shall be
2 submitted to the director for approval. The director shall hold a public
3 hearing pursuant to the Administrative Procedure Act prior to approving
4 an adjustment to or increase in pool rates.

5 Sec. 2. Original section 44-4227, Reissue Revised Statutes of
6 Nebraska, is repealed.