LEGISLATIVE BILL 550

Introduced by Lindstrom, 18.
Read first time January 18, 2017
Committee: Banking, Commerce and Insurance

A BILL FOR AN ACT relating to the Comprehensive Health Insurance Pool Act; to amend section 44-4227, Reissue Revised Statutes of Nebraska; to eliminate provisions relating to an independent actuary; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 44-4227, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

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

(b)(i) For calendar years beginning on and after January 1, 2010, the pool, with the assistance of an independent actuary, shall determine
the standard risk rate by calculating the average individual rate charged
by the ten insurers writing the largest amount of individual health
insurance coverage in the state actuarially adjusted to be comparable
with the pool coverage, except that such ten insurers shall not include
any insurer which has not been writing individual health insurance
coverage in this state in at least the three preceding calendar years.
The selection of the independent actuary shall be subject to the approval
of the director. In the event ten insurers do not offer comparable
coverage, the standard risk rate shall be established using reasonable
actuarial techniques and shall reflect anticipated risk experience and
expenses for such coverage.

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

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

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

(3) The board shall not adjust or increase pool rates more than one
time during any calendar year. All rates and rate schedules shall be
submitted to the director for approval. The director shall hold a public
hearing pursuant to the Administrative Procedure Act prior to approving
an adjustment to or increase in pool rates.

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