

Bill as Introduced

HB 1545-FN - AS INTRODUCED

2010 SESSION

10-2282
01/04

HOUSE BILL

1545-FN

AN ACT

relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.

SPONSORS:

Rep. Nord, Rock 1

COMMITTEE:

Commerce and Consumer Affairs

ANALYSIS

Under this bill, health insurance carriers may not use group size when determining premiums to be charged by health insurance carriers when issuing small employer health coverage.

.....

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Health Insurance Coverage; Premium Rates. Amend RSA 420-G:4, I(e)(1) to read as follows:

2 (1) In establishing the premium rates, health carriers offering coverage to small
3 employers may use only age[~~, group size,~~] and industry classification as case characteristics. No
4 consideration shall be given to health status, claim experience, duration of coverage, geographic
5 location, or any other characteristic of the group.

6 2 Health Insurance Coverage; Rating Practice. Amend RSA 420-G:12, IV to read as follows:

7 IV. Each health carrier shall provide, at the time it gives a premium quote to a group, a
8 rating disclosure form that identifies the health coverage plan rate and any adjustments to that rate
9 resulting from the application of rating factors, including age[~~]~~ **and** industry[~~, and group size~~]. The
10 health carrier shall submit the rate disclosure form to the department for approval. Health carriers
11 shall provide their insureds with renewal premium quotes at least 60 days prior to the expiration
12 date of the policy.

13 3 Effective Date. This act shall take effect January 1, 2011.

LBAO
10-2282
11/24/09

HB 1545-FN - FISCAL NOTE

AN ACT relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.

FISCAL IMPACT:

The Insurance Department states this bill may decrease state revenue by an indeterminable amount in FY 2012 and each thereafter and have an indeterminable fiscal impact on county and local expenditures in FY 2011 and each year thereafter. The New Hampshire Municipal Association states this bill may have an indeterminable fiscal impact on local expenditures. The New Hampshire Association of Counties states this bill will have no fiscal impact on county expenditures or revenue. There is no fiscal impact on county and local revenue or state expenditures.

METHODOLOGY:

The Insurance Department states this bill eliminates group size as a permissible case characteristic (e.g. underwriting factor) for carriers pricing health insurance sold to small employers. The Department states employers who had previously received a discount for group size may opt to self-fund which would result in a decrease in premium tax revenue. The Department states to the extent county and local governments are rated as a small employer, they would realize changes, if any, in their rates in FY 2011.

The New Hampshire Municipal Association states the fiscal impact of this legislation on municipalities is indeterminable.

The New Hampshire Association of Counties states none of the counties meet the definition of small employer; therefore this bill will have no fiscal impact on county expenditures and revenue.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 1545-FN

BILL TITLE: relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.

DATE: 2-2-10

LOB ROOM: 302 **Time Public Hearing Called to Order:** 1305

Time Adjourned: 1335

(please circle if present)

Committee Members: Reps. Butler, DeStefano, Kopka, McEachern, Hammond, Nord, Winters, Meador, Gidge, Schlachman, Keans, D. Eaton, Hunt, Quandt, Belanger, D. Flanders, R. Holden, Dowling, Headd, Nevins and Palfrey.

Bill Sponsors: Rep. Nord

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

*Rep. Susi Nord, sponsor – Wants to remove size of employer in rating small group policies.

Q: Rep. Chris Nevins – Isn't this cost sharing?

A: Probably would involve some shifting of costs.

Q: Rep. Joel Winters – Can you define loss ratio?

A: What percentage of premium and how much goes to actual care. Rep. Nord handed out comparison of 2007/2008 loss ratio.

Leslie Ludke, NH Insurance Dept. – This bill really addresses a rating factor. Gender, females have higher exposure; geography; health status; age and industry. Loss ratios is a bit higher with the smaller groups especially groups of one; group size is a valid issue in group coverage.

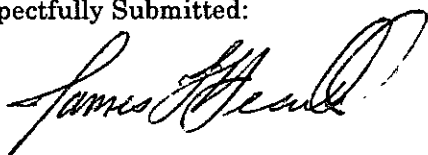
Q: Rep. Donna Schlachman – Re bundling small groups?

A: Fragmenting leave no homogeneous bond to it. The whole concept of association grouping has no reason to exist other than an attempt to save money. Insurance is about risk not about numbers.

Paula Rogers, Anthem BC/BS – Opposes the bill. Age, size, and industry are three rating factors allowed under NH law. Smaller groups do have higher loss ratio; we would object to another change in the market place.

Marla Matthews, MVP Healthcare –opposes bill; supports prior testing.

Respectfully Submitted:

A handwritten signature in cursive script, appearing to read "James F. Headd". The signature is written in black ink and is positioned above the printed name.

James F. Headd, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

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Bill Sponsors: Rep. Nord

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

#1 Rep Nord opened bill - wants to remove size of employer in rating small group policies

Q Nord - isn't the cost shifting

A - Presumably would involve some shifting of costs

Q Winters - can you define loss ratio

A - % of premium at has much goes to actual cost

Rep Nord handed out comparison 2007/2008 loss ratio.

2) PR HB 1545 PN

#2 ~~Rating~~ Luoke NHID
Leslie ~~Luoke~~ → This PR really
addresses a Rating factor:
gender - females have higher exp.
geography -
health status -
Age -
industry -

Loss ratios is a bit higher with the
smaller groups especially groups of one
group size is a value issue in group
coverage

A scheme of bundling small
groups
D. Fragmentary leaves no homogeneous
ground to it - The whole concept of
association groups has no reason to
exist other than an attempt to save
\$ - has no about risk not
numbers.

#3 Paula Rogers - Another BCRS -
Opposes the Bill
Age - size + industry are 3 Rating
factors allowed under NR law

3

AB 1545

Smaller groups do have higher
loss ratio - we would expect to
not be large in the Market Plus

#4

Mark's Mathews - MVP Health
opposes it -
supporter prior testimony

Testimony

Overall Comparison – 2007 and 2008

Market Category	2007	2008	2007 Loss Ratio	2008 Loss Ratio
	Percent of Members	Percent of Members		
Individual policy	6.60%	5.86%	0.62	0.59
Individual (as group conversion)	0.10%	0.09%	2.29	1.53
Employers with 1 Employee	2.30%	1.82%	0.95	1.04
Employers with 2-9 Employees	8.10%	9.10%	0.81	0.85
Employers with 10-25 Employees	7.50%	8.11%	0.87	0.87
Employers with 26-50 Employees	4.50%	6.84%	0.90	0.92
Employers with 51-99 Employees	6.60%	6.55%	0.83	0.88
Employers with >=100 Employees	62.40%	59.97%	0.91	0.93
Employers thru Qualified Trust	1.90%	1.67%	0.88	0.91

Key findings:

- The individual market continues to have a comparatively low loss ratio.
- The small group category of “1 Employee” continues to have a comparatively high loss ratio.
- 2008 shows a higher loss ratio for large group policies than in 2007. This may be due to several factors, including administrative costs accounting for a smaller percent of the total premiums paid, higher claims costs than expected, or fewer management services purchased from the carrier/TPA by self-insured accounts (e.g. disease management).

Voting Sheets

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 1545-FN

BILL TITLE: relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.

DATE: 2-16-10

LOB ROOM: 302

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. McEachern

Seconded by Rep. Hammond

Vote: 5-10 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Hammond

Seconded by Rep. Meader

Vote: 12-4 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. James F. Headd, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

~~SUBCOMMITTEE~~ WORK SESSION ON HB1545-FN

EXECUTIVE SESSION

BILL TITLE: rrelative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.

DATE: 2-16-10

Subcommittee Members: Reps.

Comments and Recommendations:

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. *McEachern*

Seconded by Rep. *Hammond*

Vote:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. *Hammond*

Seconded by Rep. *Meaker*

Vote: *11 Y* *FTL*

Respectfully submitted,

Rep. {Type NAME}
Subcommittee Chairman/Clerk

Sam Stead

Rep. Ced

COMMERCE AND CONSUMER AFFAIRS

Bill #: HB 1545-FN Title: GROUP SIZE

PH Date: / /

Exec Session Date: 21 16 10

Motion: DTP

Amendment #:

MEMBER	YEAS	NAYS
Butler, Edward A, Chairman	✓	
Schlachman, Donna L, V Chairman	✓	
DeStefano, Stephen T		✓
Kopka, Angeline A		✓
Meador, David R		✓
McEachern, Paul	✓	
Hammond, Jill Shaffer		✓
Nord, Susi	✓	
Winters, Joel F		✓
Keans, Sandra B	←	
Gidge, Kenneth N	✓	
Hunt, John B		✓
Quandt, Matt J		✓
Belanger, Ronald J	✓	
Flanders, Donald H		✓
Holden, Rip	✓	
Dowling, Patricia A	✓	
Headd, James F, Clerk		✓
Nevins, Chris F	✓	
Palfrey, David J		✓
	5	10
TOTAL VOTE:		

COMMERCE AND CONSUMER AFFAIRS

Bill #: HB 1845 Title: _____

PH Date: 1/1/18

Exec Session Date: 2/16/18

Motion: F TL

Amendment #: _____

MEMBER	YEAS	NAYS
Butler, Edward A, Chairman	✓	
Schlachman, Donna L, V Chairman		✓
DeStefano, Stephen T	✓	
Kopka, Angeline A	✓	
Meador, David R	✓	
McEachern, Paul		✓
Hammond, Jill Shaffer	✓	
Nord, Susi		✓
Winters, Joel F	✓	
Keans, Sandra B		
Gidge, Kenneth N		✓
Hunt, John B	✓	
Quandt, Matt J	✓	
Belanger, Ronald J		
Flanders, Donald H	✓	
Holden, Rip		
Dowling, Patricia A		
Headd, James F, Clerk	✓	
Nevins, Chris F		
Palfrey, David J	✓	
	11	4

Committee Report

REGULAR CALENDAR

March 3, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on COMMERCE AND CONSUMER
AFFAIRS to which was referred HB1545-FN,

AN ACT relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage. Having considered the same, report the same with the following Resolution: **RESOLVED**,
That it is **INEXPEDIENT TO LEGISLATE**.

Rep. Jill Shaffer Hammond

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	COMMERCE AND CONSUMER AFFAIRS
Bill Number:	HB1545-FN
Title:	relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage.
Date:	February 17, 2010
Consent Calendar:	NO
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This bill would have disallowed health insurance carriers from using group size when determining premiums when issuing small group health coverage. Three rating factors are currently used when writing coverage in the small group market (1 to 50 employees): age, industry, and group size. The elevated loss ratio (higher medical costs) for groups of one (as opposed to groups of 2-50) is reflected in the somewhat higher premiums that self-employed sole proprietors may pay. However, the small group is still a market where these sole proprietors have guaranteed issue (the insurance carriers must offer a product) at a price competitive to the individual market, where they may not get insurance at any price (no guaranteed issue). If the group size rating factor were eliminated, resulting higher community rates might have a destabilizing effect on the viability of the small group market overall.

Vote 11-4.

Rep. Jill Shaffer Hammond
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

COMMERCE AND CONSUMER AFFAIRS

HB1545-FN, relative to group size for premiums charged by health insurance carriers when issuing small employer health coverage. **INEXPEDIENT TO LEGISLATE.**

Rep. Jill Shaffer Hammond for **COMMERCE AND CONSUMER AFFAIRS**. This bill would have disallowed health insurance carriers from using group size when determining premiums when issuing small group health coverage. Three rating factors are currently used when writing coverage in the small group market (1 to 50 employees): age, industry, and group size. The elevated loss ratio (higher medical costs) for groups of one (as opposed to groups of 2-50) is reflected in the somewhat higher premiums that self-employed sole proprietors may pay. However, the small group is still a market where these sole proprietors have guaranteed issue (the insurance carriers must offer a product) at a price competitive to the individual market, where they may not get insurance at any price (no guaranteed issue). If the group size rating factor were eliminated, resulting higher community rates might have a destabilizing effect on the viability of the small group market overall. **Vote 11-4.**

Original: House Clerk

Cc: Committee Bill File

Stapler, Carol

From: Jill Shaffer Hammond [jshafham@gmail.com]

Sent: Tuesday, February 16, 2010 2:35 PM

To: Stapler, Carol

Subject: Blurbs for 1180 and 1545(?)

HB1180:

There is no doubt that drying laundry on clotheslines and drying racks saves energy and is a laudable practical personal green behavior. However, most of the restrictions on such use are part of the bylaws of homeowners' and condominium associations, and thus are part of private contracts. Testimony was heard from a representative of the municipalities who feel that such restrictions, or prohibitions against same, should be left to democratic action and consensus at the local level, or within the associations themselves.

HB 1545:

This bill would have disallowed health insurance carriers from using group size when determining premiums when issuing small group health coverage. Three rating factors are currently used when writing coverage in the small group market (1 to 50 employees): age, industry, and group size. The elevated loss ratio (higher medical costs) for groups of one (as opposed to groups of 2-50) is reflected in the somewhat higher premiums that self-employed sole proprietors may pay. However, the small group is still a market where these sole proprietors have guaranteed issue (the insurance carriers must offer a product) at a price competitive to the individual market, where they may not get insurance at any price (no guaranteed issue). If the group size rating factor were eliminated, resulting higher community rates might have a destabilizing effect on the viability of the small group market overall.

Handwritten signature consisting of the letters 'JK' above a circled signature that appears to be 'SHP'.

2/17/2010