

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

A Bill

HOUSE BILL 1916

5 By: Representatives Hawkins, Hyde, Ingram, Glidewell, Hardy, W. Lewellen
6 By: Senators H. Wilkins, Altes, G. Baker, Bookout, Horn, T. Smith
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8

For An Act To Be Entitled

10 AN ACT TO AMEND ARKANSAS CODE § 23-79-153 TO
11 INCLUDE POLICIES COVERING ONLY SPECIFIED DISEASE,
12 HOSPITAL INDEMNITY, OR OTHER LIMITED BENEFIT
13 HEALTH INSURANCE POLICIES WHEN POOLING THE
14 EXPERIENCE OF A CLOSED BLOCK OF BUSINESS TO
15 DETERMINE PREMIUM RATE INCREASES; TO REVISE THE
16 PROCEDURES FOR DETERMINING A CLOSED BLOCK OF
17 BUSINESS AND PREMIUM RATE INCREASES; AND FOR
18 OTHER PURPOSES.
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Subtitle

20 TO INCLUDE SPECIFIED DISEASE, HOSPITAL
21 INDEMNITY, OR OTHER LIMITED BENEFIT
22 HEALTH INSURANCE POLICIES AND TO REVISE
23 PROCEDURES FOR DETERMINING PREMIUM RATES
24 FOR A CLOSED BLOCK OF BUSINESS.
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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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30 SECTION 1. Arkansas Code § 23-79-153 is amended to read as follows:
31 23-79-153. Health Insurance – Closing a block of business.

32 (a) As used in this section:

33 (1) “Block of business” means a particular policy form or
34 contract other than a group policy form or contract providing health
35 insurance coverage that includes distinct benefits, services, and terms
36 individually underwritten and issued by a carrier to one (1) or more



1 individuals residing in the State of Arkansas;

2 (2) "Carrier means an entity subject to the insurance laws of
3 the State of Arkansas or the jurisdiction of the Insurance Commissioner that
4 contracts or offers to contract to provide health insurance coverage,
5 including, but not limited to, an insurance company, a health maintenance
6 organization, or a hospital medical service corporation;

7 (3) "Closed block of business" means a block of business that a
8 carrier ceases to actively offer or sell to new applicants; and

9 (4)(A) "Health insurance coverage" means benefits consisting of
10 medical, pharmaceutical, surgical, hospitalization, or similar goods or
11 services for the purpose of preventing, alleviating, curing, or healing human
12 illness provided directly or indirectly through insurance, reimbursement, or
13 otherwise, including:

14 (i) ~~items~~ Items and services paid ~~for~~ under any
15 policy, ~~certificate, or agreement offered~~ contract individually underwritten
16 and issued by a carrier; and

17 (ii) Without limitation, the following
18 classifications of individual policies or individual contracts offered by a
19 carrier:

- 20 (a) Comprehensive major medical;
- 21 (b) Critical illness and specified disease;
- 22 (c) Dental;
- 23 (d) HMO and managed care;
- 24 (e) Industrial health;
- 25 (f) Medical and surgical outpatient benefits;
- 26 (g) Supplemental hospital indemnity; and
- 27 (h) Vision.

28 (B) "Health insurance coverage" does not include policies
29 or ~~certificates~~ contracts covering only:

30 (i) Accident, credit, disability income, or long-
31 term care, ~~hospital indemnity, specified disease, or other limited benefit~~
32 ~~health~~ insurance;

33 (ii) Automobile medical payment insurance;

34 (iii) A Medicare supplemental policy as defined in
35 42 U.S.C. § 1395ss(g)(1), as it existed on January 1, 2005; or

36 (iv) Claims under the Workers' Compensation Law, §

1 11-9-101 et seq., or the Public Employee Workers' Compensation Act, § 21-5-
 2 601 et seq.

3 (b)(1) ~~No~~ A block of business shall not be closed by a carrier unless
 4 the carrier pools the experience of the closed block of business with all
 5 blocks of business within the same classification previously closed by the
 6 carrier that are closed for the purpose of determining the percentage premium
 7 rate increase of any policy or contract within the closed block of business.

8 (2) ~~with no~~ The carrier shall not impose a rate penalty or
 9 surcharge under subdivision (b)(1) of this section beyond that which reflects
 10 the experience of the combined pool.

11 (c) The commissioner may approve other rate increases based upon:

12 (1) The size of the rate action;

13 (2) The experience of policy forms within a pool;

14 (3) The remaining amount of health insurance coverage in force
 15 by policy or contract form; and

16 (4) Other factors the commissioner considers appropriate.

17 ~~(e)(1)~~(d)(1) Unless an insurer presents evidence satisfactory to the
 18 commissioner to the contrary, a block of business shall be presumed to be
 19 closed if the block of business has been in existence for more than twenty-
 20 four (24) months and:

21 (A) For a period of twenty-four (24) months, the number of
 22 contracts for the block of business has decreased by twelve percent (12%) or
 23 more; or

24 (B) The block of business has fewer than one hundred (100)
 25 policies or contracts in the State of Arkansas.

26 (2)(A) The fact that a block of business does not meet one (1)
 27 of the presumptions set forth in this subsection shall not preclude a
 28 different determination by the commissioner that it is closed.

29 (B) At the request of an insurer adversely affected by the
 30 commissioner's determination, the commissioner shall schedule a hearing
 31 within thirty (30) days after receipt of the request for a hearing.

32 (3)(A) The closed block of business for a class of policies or
 33 contracts shall be determined at the time of a rate filing of any block of
 34 business within the class.

35 (B) In addition, other blocks of business within the same
 36 class shall be reviewed before submitting a proposed rate increase for the

1 block of business,

2 (C) A justification for excluding the block of business
3 from the closed block of business shall be included as part of the proposed
4 rate increase.

5 ~~(d)(1)~~(e)(1) A carrier shall notify the commissioner in writing within
6 thirty (30) days of+

7 ~~(A) Its~~ its decision to close a block of business; ~~or~~

8 ~~(B) Falling within one (1) of the presumptions set forth~~
9 ~~in subsection (c) of this section.~~

10 (2) The carrier shall provide any additional information
11 requested by the commissioner within:

12 (A) fifteen Fifteen (15) business days of the request; or

13 (B) A later time if allowed by the commissioner.

14 ~~(e)~~(f) A carrier shall preserve for a period of not less than five
15 (5) years in an identified location that is readily accessible for review by
16 the commissioner all books and records relating to any action taken by the
17 carrier under subsection (b) of this section.

18 ~~(f)~~(g) ~~No~~ A carrier with the purpose of evading this section shall
19 not:

20 (1) Offer or sell any policy or contract; or

21 (2) Provide false or misleading information about the active or
22 closed status of a block of business.

23 ~~(g) [Repealed.]~~

24 ~~(h) [Repealed.]~~

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