

SENATE FILE NO. SF0104

Health insurance-small employer carrier reinsurance.

Sponsored by: Senator(s) Case and Representative(s)
Gingery

A BILL

for

1 AN ACT relating to health insurance; amending the small
2 employer carrier reinsurance program; authorizing separate
3 pools for reinsured persons; expanding the program as
4 specified; authorizing reduced premium rates; creating an
5 account within the trust and agency fund as specified;
6 providing for an insurance carrier assessment as specified;
7 providing an insurance premium tax credit as specified;
8 repealing existing assessment provisions; and providing for
9 an effective date.

10

11 *Be It Enacted by the Legislature of the State of Wyoming:*

12

13 **Section 1.** W.S. 26-19-311 and 26-19-312 are created
14 to read:

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1 **26-19-311. Small employer carrier reinsurance account**
2 **created.**

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4 There is created an account within the trust and agency
5 fund in which all money received or collected to support
6 the small employer carrier reinsurance program created
7 pursuant to this act shall be credited and continuously
8 appropriated for the purposes of this act. All claims,
9 insurer reimbursements, cost of administration and other
10 necessary expenses incurred pursuant to this act shall be
11 paid from the account. All money in the account not
12 immediately necessary for the purposes of this act, which
13 amount is certified by the board to the state treasurer,
14 shall be invested and any interest earned shall be credited
15 to the account.

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17 **26-19-312. Small employer carrier reinsurance program**
18 **assessments; premium tax credit.**

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20 (a) After each calendar year, the board shall
21 determine the amount of assessment needed to support the
22 small carrier reinsurance program considering all payments
23 made, costs incurred, premiums received and other income
24 received.

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2 (b) All insurers liable for premium tax shall be
3 assessed as necessary to meet the requirements determined
4 under subsection (a) of this section. The assessment shall
5 be in proportion to the gross premium tax owed and shall be
6 expressed as a percentage of the gross premium tax owed.
7 The gross premium tax is the premium tax owed before any
8 deduction for any assessments. The assessment pursuant to
9 this subsection for any individual insurer shall not exceed
10 forty percent (40%) of the gross premium tax owed.

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12 (c) On or before May 1 of each year, the board shall
13 determine each insurer's assessment for the calendar year.
14 Any deficit incurred by the program shall be recouped by
15 assessment apportioned as provided by this section.
16 Notification of assessments shall be mailed by the board
17 not later than May 1 of each year.

18

19 (d) The total amount of assessment paid by any
20 insurer pursuant to this section shall be allowed as a
21 credit against any premium tax owed by the member under
22 this code for the year for which the assessment is payable.
23 If assessments exceed the premium tax owed considering all
24 assessments pursuant to this act and other acts, the

1 credits may be carried forward to other tax years until
2 used.

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4 (e) If assessments exceed actual losses and
5 administrative expenses of the program, the excess shall be
6 paid to the state treasurer, credited to the account
7 created by W.S. 26-19-311 and used by the administrator to
8 offset future losses or to reduce program premiums. As
9 used in this subsection, "future losses" includes reserves
10 for incurred but unreported claims.

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12 (f) The board may require initial calendar year 2005
13 and interim assessments as reasonably necessary for the
14 organizational, administrative and interim operating
15 expenses of the program and to pay claims in excess of
16 premiums collected. Any initial or interim assessments
17 shall be credited as offsets against any regular assessment
18 due following the close of the calendar year.

19

20 (g) Assessments collected pursuant to the small
21 employer carrier reinsurance program shall be paid to the
22 state treasurer and credited to the account created by W.S.
23 26-19-311.

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2 **Section 2.** W.S. 26-19-307(k) is amended to read:

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4 **26-19-307. Small employer carrier reinsurance**
5 **program.**

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7 (k) The board, as part of the plan of operation,
8 shall establish a methodology for determining premium rates
9 to be charged by the program for reinsuring small employers
10 and individuals pursuant to this section. The methodology
11 shall include a system for classification of small
12 employers that reflects the types of case characteristics
13 commonly used by small employer carriers in the state. The
14 methodology shall provide for the development of base
15 reinsurance premium rates, which shall be multiplied by the
16 factors set forth in paragraphs (i) and (ii) of this
17 subsection to determine the premium rates for the program.
18 The base reinsurance premium rates and number and type of
19 insured groupings shall be established by the board,
20 subject to the approval of the commissioner, and shall be
21 set at levels which reasonably approximate gross premiums
22 charged to small employers by small employer carriers. ~~for~~
23 ~~health benefit plans with benefits similar to the standard~~
24 ~~health benefit plan.~~ The board periodically shall review

1 the methodology established under this subsection,
2 including the system of classification and any rating
3 factors, to assure that it reasonably reflects the claims
4 experience of the program. The board may propose changes
5 to the methodology which shall be subject to the approval
6 of the commissioner. The board shall take steps to expand
7 the usage of the reinsurance program and to reduce the
8 impacts of high risk individuals on any particular group.

9 Premiums for the program shall be as follows:

10
11 (i) An entire small employer group may be
12 reinsured for a rate that is between one and one-tenth
13 (1.1) and one and one-half (1.5) times the base reinsurance
14 premium rate for the group established pursuant to this
15 subsection;

16
17 (ii) An eligible employee or dependent may be
18 reinsured for a rate that is between one and one-half (1.5)
19 and five (5) times the base reinsurance premium rate for
20 the individual established pursuant to this subsection;

21
22 (iii) The premiums shall be kept as close as
23 practical to the lower limits provided by this subsection
24 except to the extent needed to keep the assessments needed

1 within the forty percent (40%) of premium tax limit
2 pursuant to W.S. 26-19-312(b).

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4 **Section 3.** W.S. 26-19-307(n) is repealed.

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6 **Section 4.** Sections 1 and 3 of this act are effective
7 immediately upon completion of all acts necessary for a
8 bill to become law as provided by Article 4, Section 8 of
9 the Wyoming Constitution. Section 2 of this act is
10 effective July 1, 2005.

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(END)