SENATE FILE NO. SF0098

Health insurance-small employer carrier reinsurance.

Sponsored by: Senator(s) Scott and Case

A BILL

for

AN ACT relating to health insurance; amending the small employer carrier reinsurance program; authorizing separate pools for reinsured persons; expanding the program as specified; authorizing reduced premium rates; creating an account as specified; providing for an insurance carrier assessment as specified; providing an insurance premium tax credit as specified; repealing existing assessment provisions; and providing for effective dates.

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

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

26-19-311. Small employer carrier reinsurance account created.

There is created an account in which all money received or collected to support the small employer carrier reinsurance program created pursuant to this act shall be credited and continuously appropriated for the purposes of this act. All claims, insurer reimbursements, cost of administration and other necessary expenses incurred pursuant to this act shall be paid from the account. All money in the account not immediately necessary for the purposes of this act, which amount is certified by the board to the state treasurer, shall be invested and any interest earned shall be credited to the account.

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

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

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

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

(d) The total amount of assessment paid by any insurer pursuant to this section shall be allowed as a credit against any premium tax owed by the member under this code for the year for which the assessment is payable. If assessments exceed the premium tax owed considering all assessments pursuant to this act and other acts, the credits may be carried forward to other tax years until used.

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

(f) The board may require initial calendar year 2006 and interim assessments as reasonably necessary for the organizational, administrative and interim operating expenses of the program and to pay claims in excess of premiums collected. Any initial or interim assessments shall be credited as offsets against any regular assessment due following the close of the calendar year.

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

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

26-19-307. Small employer carrier reinsurance program.

(k) The board, as part of the plan of operation, shall establish a methodology for determining premium rates to be charged by the program for reinsuring small employers and individuals pursuant to this section. The methodology shall include a system for classification of small employers that reflects the types of case characteristics commonly used by small employer carriers in the state. The methodology shall provide for the development of base reinsurance premium rates, which shall be multiplied by the factors set forth in paragraphs (i) and (ii) of this subsection to determine the premium rates for the program. The base reinsurance premium rates and number and type of insured groupings shall be established by the board, subject to the approval of the commissioner, and shall be set at levels which reasonably approximate gross premiums charged to small employers by small employer carriers. ~~for health benefit plans with benefits similar to the standard health benefit plan.~~ The board periodically shall review the methodology established under this subsection, including the system of classification and any rating factors, to assure that it reasonably reflects the claims experience of the program. The board may propose changes to the methodology which shall be subject to the approval of the commissioner. The board shall take steps to expand the usage of the reinsurance program and to reduce the impacts of high risk individuals on any particular group. Premiums for the program shall be as follows:

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

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

(iii) The premiums shall be kept as close as practical to the lower limits provided by this subsection except to the extent needed to keep the assessments needed within the forty percent (40%) of premium tax limit pursuant to W.S. 26-19-312(b).

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

Section 4.

(a) Sections 1 and 3 of this act are effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(b) Except as provided in subsection (a) of this section, this act is effective July 1, 2006.

(END)