

2015 Regular Session

HOUSE BILL NO. 370

BY REPRESENTATIVES BROADWATER, EDWARDS, AND SHADOIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/GROUP-STATE: Establishes the Group Benefits Actuarial Committee and requires an annual actuary study on the premium rate structure and approval by the panel of recommended changes to the premium rates charged for members of the Office of Group Benefits

1 AN ACT

2 To amend and reenact R.S. 42:802(B)(6) and (7) and to enact R.S. 42:802.1(F), 812, and  
3 Part VI of Chapter 12 of Title 42 of the Louisiana Revised Statutes of 1950, to be  
4 comprised of R.S. 42:891 through 893, relative to the Office of Group Benefits; to  
5 provide for the powers and duties of the Office of Group Benefits; to provide for  
6 definitions; to provide with respect to an annual actuarial report; to provide with  
7 respect to premium rates; to establish the Group Benefits Actuarial Committee; to  
8 provide for rule promulgation; to provide for an effective date; and to provide for  
9 related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 42:802(B)(6) and (7) are hereby amended and reenacted and R.S.  
12 42:802.1(F), 812, and Part VI of Chapter 12 of Title 42 of the Louisiana Revised Statutes  
13 of 1950, comprised of R.S. 42:891 through 893, are hereby enacted to read as follows:

14 §802. Powers and duties; Office of Group Benefits

15 \* \* \*

16 B. In addition, the office shall have the following powers and duties:

17 \* \* \*

18 (6) To establish benefit plans, under the direction of the commissioner of  
19 administration, for the life, health, and other benefit programs offered through the  
20 office, subject to promulgation in accordance with the provisions of the



1 study shall be submitted by the actuary to both the office and the Group Benefits  
2 Actuarial Committee no less than thirty days prior to a new plan year. The  
3 independent actuary shall also perform an actuarial study of any changes to the  
4 premium rate recommended by the office during a plan year.

5 \* \* \*

6 PART VI. GROUP BENEFITS ACTUARIAL COMMITTEE

7 §891. Creation

8 A. There is hereby established the Group Benefits Actuarial Committee,  
9 herein after referred to as "the committee", within the department of insurance. As  
10 provided in this Part, the committee shall:

11 (1) Review actuarial studies submitted by the independent actuary appointed  
12 by the Office of Group Benefits in accordance with R.S. 42:812.

13 (2) Review and approve premium rates for benefit programs offered through  
14 the Office of Group Benefits.

15 B. The committee shall be comprised of the following voting members:

16 (1) The commissioner of insurance, or his designee, who shall serve as  
17 chairman of the committee.

18 (2) The state treasurer, or his designee.

19 (3) The legislative auditor, or his designee.

20 §892. Review of actuarial study; review and approval of premium rate

21 A.(1) The Office of Group Benefits shall cause its appointed actuary to  
22 annually submit to the committee no less than thirty days prior to each new plan year  
23 an actuarial study as required by R.S. 42:812. The Office of Group Benefits shall  
24 also submit to the committee no less than thirty days prior to the new plan year the  
25 premium rate recommendation, regardless of whether any change to the premium  
26 rate from the prior plan year is recommended.

27 (2) In the event the Office of Group Benefits recommends a change in the  
28 premium rate change during a plan year, and implementation is recommended to  
29 occur prior to the beginning of a new plan year, the Office of Group Benefits shall

1 cause its appointed actuary to submit to the committee an actuarial study relative to  
2 the recommended change. The Office of Group Benefits shall submit to the  
3 committee the recommended premium rate change no less than thirty days prior to  
4 the recommended date of change.

5 B. Upon receiving an actuarial study and premium rate recommendation, the  
6 committee shall hold a public hearing to review the actuarial study and receive  
7 evidence relative to the premium rate recommendation. The hearing shall occur  
8 prior to the new plan effective date or the implementation date of the recommended  
9 premium rate. The Office of Group Benefits shall give notice to all plan members,  
10 whether active or retired, of the premium rate recommendation and the date, time,  
11 and location of the committee's public hearing.

12 C. The committee shall either approve, modify, or reject the premium rate  
13 recommendation.

14 D. The Office of Group Benefits shall implement the premium rate approved  
15 by the committee.

16 §893. Rules and Regulations

17 The commissioner of insurance shall promulgate rules and regulations in  
18 accordance with the Administrative Procedure Act to implement this Part. The rules  
19 and regulations promulgated by the commissioner shall be subject to approval of the  
20 appropriate standing committees of the legislature having jurisdiction over review  
21 of agency rules of the Department of Insurance as designated by R.S. 49:968(B)(14).

22 \* \* \*

23 Section 3. This Act shall become effective upon signature by the governor or, if not  
24 signed by the governor, upon expiration of the time for bills to become law without signature  
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
27 effective on the day following such approval.

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**DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 370 Engrossed

2015 Regular Session

Broadwater

**Abstract:** Establishes the Group Benefits Actuarial Committee and requires an annual actuary study on the premium rate structure and approval by the committee of the premium rates charged for members of the Office of Group Benefits.

Present law provides with respect to the powers and duties of the Office of Group Benefits (OGB). Authorizes OGB to administer all aspects of program benefits for group insurance, including authorization to appoint an independent actuary, adopt and promulgate rules, prepare and submit a budget, designate a depository for money under its control, establish benefit plans and premium rates under the direction of the commissioner of administration, negotiate contracts, administer and provide for the administration of a qualified cafeteria plan, authorize small debts, and procure internal auditing service contracts.

Proposed law retains present law with respect to the authority of OGB to establish benefit plans under the direction of the commissioner of administration, but clarifies that the authority to establish benefit plans is subject to promulgation in accordance with the Administrative Procedure Act.

Proposed law retains present law with respect to the authority of OGB to establish premium rates under the direction of the commissioner of administration, but requires review and final approval of premium rates by the Group Benefits Actuarial Committee (committee) established by proposed law.

Proposed law defines "benefit plan" for purposes of present law and proposed law regarding state group insurance as coverages offered by the plan to eligible persons, including copayments, deductibles, costs of prescription drugs, or any other medical costs associated with health care that are required to be paid directly by the covered person.

Proposed law requires that an actuarial study of the program and the premium rate structure be performed at least annually by the actuary appointed by OGB and that the study be submitted to both OGB and the committee no less than 30 days prior to a new plan year.

Proposed law establishes the Group Benefits Actuarial Committee, to be comprised of the commissioner of insurance, or his designee, the state treasurer, or his designee, and the legislative auditor, or his designee. Further requires the commissioner of insurance to serve as chairman of the committee.

Proposed law requires OGB to annually submit its premium rate recommendation to the committee for review and approval, regardless of whether any changes to the premium rate are recommended. Requires the premium rate recommendation to be submitted no less than 30 days prior to the new plan effective dates. Requires premium rates and changes to be approved by the committee before implementation.

Proposed law requires OGB to submit any recommended premium rate changes during a plan year no less than 30 days prior to the recommended date of change. Further requires an actuarial study relative to the recommended change be submitted to the committee.

Proposed law requires the committee to hold a public hearing for review of an actuarial study and premium rate recommendation and that OGB provide notice to all plan members, whether active or retired. Requires the committee to approve, modify, or reject the

recommended premium rate recommendation. Requires OGB to implement the premium rate approved by the committee.

Proposed law requires the commissioner of insurance to promulgate rules and regulations for implementation of proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 42:802(B)(6) and (7); Adds R.S. 42:802.1(F), 812, and 891-893)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Provide that the actuarial report and rates establishment shall be performed at least annually.
2. Clarify that the establishment of the premium rate is not subject to promulgation in accordance with the Administrative Procedure Act.
3. Allow the committee to modify the recommended rate change rather than approve an alternate rate.