

BULLETIN

No. 99-LH-2

Date: June 25, 1999

To: ALL LIFE ACCIDENT AND SICKNESS INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, HEALTH CARE PLANS, AND PROVIDER SPONSORED HEALTH CARE CORPORATIONS LICENSED IN THE STATE OF GEORGIA

From: JOHN W. OXENDINE, COMMISSIONER OF INSURANCE

Re: IMPLEMENTATION OF SENATE BILL 200 (RATE FILING REQUIREMENTS)

During the 1999 Session of the Georgia General Assembly, Senate Bill 200 (S 200) was passed to become effective July 1, 1999. With the passage of SB 200, two major changes were made that will affect Georgia rate filing requirements for health insurers.

The first item is Section I of the bill that deals with changes to O.C.G.A. Chapter 9. O.C.G.A. s 33-9 has traditionally only applied to Property and Casualty Insurers. There were changes to subsection O.C.G.A. s 33-9-3(a)(3) which, at first, appeared to amend the applicability of Chapter 9 regarding accident and sickness insurance products. However, subsequent language in O.C.G.A. s 33-9-3(c)(1)(B) clearly states that ". . . the provisions of this Chapter shall not apply to accident and sickness insurance."

The second major item is found in Section 2 of the bill. Section 2 changes the requirements surrounding health insurance rate filings. This section creates a new Chapter 33-57. This chapter creates the Consumers' Insurance Advocate position in the Governor's Office of Consumer Affairs, which will be entitled to appear on behalf of consumers in all proceedings or other matters before the Department or Commissioner. This section describes new filings, notice, and procedural requirements applicable to rate increase filings on health insurance products.

This Bulletin will outline the changes made by the passage of SB 200 and clarify the impact it will have on insurers making filings with the Department.

For the purpose of this Bulletin only, the Department will use the following definitions:

1. Rate decrease -- any change in an insurer's rates or rating plans where no insured would receive any increase from the previously filed rates.
2. Rate increase -- any change in an insurer's rates or rating plans where any one insured would receive an increase from the previously filed rates.
3. Filing Transmittal and Certification -- A separate filing transmittal to be used with rate increase filings which includes a statement signed by a company official certifying the filing meets the definition of a rate increase. (Exhibit A attached)
4. Informational Filing -- The filing of rates or rating plans made by an insurer for rate decreases or the filing of rates or rating plans made by an insurer for rate increases regarding products that have no approval requirements under Title 33.
5. Informational Filing Transmittal and Certification -- A separate filing transmittal to be used with informational filings which includes a statement signed by a company official certifying the filing meets the definition of an informational filing. (Exhibit B attached)
6. Consumer Advocate Certification -- A statement signed by a company official certifying that a copy of the filing has been filed with the Consumer Advocate's Office. (Exhibit C attached)

O.C.G.A. s 33-57-5 New Filing Procedures

O.C.G.A. s 33-57-5, subsection (a)(1)(A) exempts from the filing law any filing that results in a rate decrease. If any insured receives an increase, the filing shall be considered a rate increase. Any rate increase or new program will be required to be filed with the Department and shall include a Filing Transmittal Form (Exhibit A) and Certification Form (Exhibit C attached).

Any change in rates, that meets the definition of a decrease or exemption under O.C.G.A. s 33-57-5 (a)(1)(A), shall be submitted to the Department as an information filing and shall include a signed information filing transmittal and certification form (Exhibit B attached).

The information filings will not be acted on by the Department, but will need to be filed to verify compliance with O.C.G.A. s 33-57-5(a)(1)(A) and to ensure compliance with other provisions of Title 33 and Georgia Regulations, such as the unfair trade practices section. Please note that all other provisions of Title 33 and Georgia Regulations still apply to the development of rates by an insurer.

The effective date for any rate filing, proposing an increase or the introduction of a new program, shall continue to comply with the appropriate section of O.C.G.A. s 33-24-9, or other applicable code sections. For any rate filing that is a decrease, the insurers shall notify the Department of the effective date prior to implementation.

All existing filing fees are still applicable to rate increases and new programs. Informational filings will not require filing fees.

O.C.G.A. s 33-57 Consumers' Insurance Advocate

By creating the Consumers' Insurance Advocate position in Chapter 57 of Title 33 of the Official Code of Georgia, certain rate filings will be required to be served on or filed with the Consumers' Insurance Advocate. Any rate filing that proposes a rate increase and is not exempted by O.C.G.A. s 33-57-5(a)(1)(A) will be required to be served upon the Advocate by certified mail, return receipt requested (one (1) copy per company).

The mailing address of the Consumer's Insurance Advocate's Office is:

Office of Consumer Insurance Advocate
Plaza Level, East Tower
#2 Martin Luther King, Jr. Drive
Atlanta, Georgia 30334

The filings that are required to be filed with the Advocate's Office, shall still be filed with the Commissioner's office in duplicate, per company, and shall include a certification statement (attached) signed by a company official, certifying the filing has been served on the Advocate. A separate certification will be needed for each company filing.

A separate filing fee will not be required on filings submitted to the Advocate's Office. Any filing filed with the Insurance Commissioner's Office that should also be filed with the Advocate's Office will be returned, and not considered received if the proper certification forms are not attached.

This Bulletin outlines the new filing requirements as a result of the passage of SB 200. If you have any questions concerning this bulletin, contact the appropriate division of the Office of Commissioner of Insurance as indicated below:

Life and Health Division
Room 902, West Tower, Floyd Building
#2 Martin Luther King, Jr. Drive
Atlanta, Georgia 30334
(404) 656-2085



John W. Oxendine
Commissioner of Insurance

EXHIBIT "C"

CONSUMER ADVOCATE SERVICE CERTIFICATION

I, the undersigned, hereby certify that the attached rate filing

_____,
(identify filing by line(s) of business, date and company filing number)

has been served upon the Consumers' Insurance Advocate's Office by certified mail, return receipt request.

Signature

Name (printed or typed)

Title

Date