

HB 1570 -- Health Insurance

Sponsor: Ervin

This bill changes the laws regarding health insurance to comply with the federal Health Insurance Portability and Accountability Act (HIPAA).

HEALTH MAINTENANCE ORGANIZATIONS (HMOs) (Section 354.536, RSMo)

Proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap and is dependent upon the policy holder for support and maintenance must be submitted to the insured's HMO within 31 days, instead of the current at least 31 days, after the child has attained the age when the child's coverage is to be terminated.

GROUP HEALTH INSURANCE POLICIES (Sections 376.397, 376.401, 376.421, 376.424, and 376.426)

Currently, an insurer can refuse to renew a converted group policy health benefit plan if the covered individual qualifies for services covered by any state or federal law. The bill removes this provision making it unlawful for a health insurer to refuse to renew a converted policy for these individuals.

Currently, when an employee retires prior to being eligible for Medicare benefits, the retiree's converted employer group health benefit plan can be reduced or terminated by the insurer when the retiree becomes eligible for Medicare. The bill removes this provision.

The provision is repealed which allows health insurers the ability to exclude or limit coverage on group health benefit policies issued to certain groups with less than 10 members in the group including employers and employees, creditors and debtors, and labor unions and members. The bill also removes the provision which allows health insurers to exclude or limit coverage for group health benefit plan recipients when the recipient cannot prove satisfactory insurability to the insurer. Health insurers will be required to comply with HIPAA regulations regarding reduced-rate premiums or deductibles on policies for employees who do not smoke or use tobacco products.

The bill removes the provision which allows insurers to exclude or limit coverage for health benefit plans issued to family members of employees for employers with less than 10 employees and removes other provisions that restrict coverage for employers with more than 10 employees.

Currently, group health insurance policies must specify any exclusions and limitations to the policy regarding a disease or physical condition that an individual was treated for during the 12 months prior to the effective date of the coverage. The bill limits the exclusions and limitations to the prior six months before the enrollment date of the coverage. Exclusions and limitations cannot apply to a loss or disability that occurred 12 months after the enrollment date or, in the case of a late enrollee, 18 months from the enrollment date. Proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap and is dependent upon the policy holder for support and maintenance must be submitted to the health insurer within 31 days, instead of the current at least 31 days, after the dependent child has attained the age when coverage is to be terminated.

MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT  
(Sections 376.450.1 and 376.450.6)

The State Children's Health Insurance Program (SCHIP) is added to the list of credible coverages for individuals under the Missouri Health Insurance Portability and Accountability Act, and the definition for "waiting period" as it relates to the act is revised to be the time period that must pass before coverage for an employee or dependent who is otherwise eligible to enroll in a group health plan can become effective. Any time period before late or special enrollment is not considered a waiting period for late or special enrollees. A waiting period begins on the date an individual submits a substantially complete application for coverage and ends on the date coverage begins or when the application is denied or lapses.

Health insurance issuers offering group coverage will be required to provide a special enrollment period for a dependent in the case of a placement for adoption for an employee or an employee's dependent who loses health insurance coverage previously provided by Medicaid or SCHIP and requests coverage within 60 days of becoming eligible for the group plan.

INDIVIDUAL HEALTH INSURANCE POLICIES (Section 376.776)

Proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap and is dependent upon the policy holder for support and maintenance must be submitted to the health insurer within 31 days, instead of the current at least 31 days, after the dependent child has attained the age when coverage is to be terminated.

MISSOURI HEALTH INSURANCE POOL (MHIP) (Sections 376.960 and 376.966)

The bill adds recipients of coverage under the State Children's Health Insurance Program (SCHIP) to the list of individuals with credible coverage under the MHIP and changes the definition of "dependent" to be an unmarried child that is medically certified as disabled and dependent upon the parent or a state resident younger than 19 years of age who is not eligible for any other group or individual coverage or entitled to state or federal health benefits.

Eligibility limits for MHIP coverage are revised to include persons whose health insurance premiums have risen above the limit set by the MHIP Board. The board cannot set the eligibility limit in excess of 200% of the rates established by the board. Federally eligible individuals are also eligible for coverage.

#### LIMITED MANDATE HEALTH INSURANCE ACT (Section 376.995)

The provision is repealed which requires insurers that provide limited mandate health insurance plans to restrict their marketing to individuals who do not have health insurance coverage or to individuals or employers who certify in writing to the insurer that they are terminating coverage because of the cost.

#### EMPLOYER REQUIREMENTS FOR HEALTH REIMBURSEMENT ARRANGEMENT ONLY PLANS (Section 376.1600)

The Director of the Department of Insurance, Financial Institutions and Professional Registration is authorized to allow employees to use funds from one or more employer health reimbursement arrangement (HRA) only plans to help pay for individual health insurance coverage. HRAs are employer-provided employee benefit plans that establish an account or trust which is funded solely by the employer and not through a salary reduction or under a cafeteria plan to reimburse the employee for qualified medical expenses incurred by the employee and his or her spouse and dependents. The HRAs establish a maximum defined coverage amount for a defined coverage period and carry forward any unused funds at the end of the coverage period to subsequent coverage periods.

#### SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY ACT (Sections 379.930, 379.940, and 379.952)

Children eligible for the State Children's Health Insurance Program (SCHIP) are added to the list of individuals considered to have credible coverage under the Small Employer Health Insurance Availability Act. The definition of "dependent" is revised as it relates to insurance coverage to be a person that

is a spouse, an unmarried child who resides in Missouri and is younger than 19 years of age and is not covered by any group or individual health benefit plan or entitled to federal Social Security assistance benefits, or an unmarried child of any age who is disabled and dependent upon his or her parent.

A small employer carrier that establishes more than one class of business must maintain and issue all health benefit plans it actively markets to eligible small employers in the state.

The bill requires a small employer insurance carrier to reasonably compensate an agent or broker for the sale of any small employer health benefit plan. Currently, a small employer insurance carrier will not be in violation of any unfair trade practice if the small employer charges a reduced premium or deductible for employees who do not smoke or use tobacco products. The bill revises the definition of "unfair trade practice" by using the provisions that apply to all insurance carriers in Missouri instead of only health and accident insurance companies. The bill requires health insurers to comply with the nondiscrimination provisions of the HIPAA regulations regarding reduced premium rates or deductibles for employees who do not smoke or use tobacco products.