

HCS SCS SB 1008 -- HEALTH INSURANCE AND INSURANCE FILINGS

SPONSOR: Loudon (Ervin)

COMMITTEE ACTION: Voted "do pass by consent" by the Special Committee on Health Insurance by a vote of 8 to 0.

This substitute changes the laws regarding health insurance and insurance filings.

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS, AND PROFESSIONAL REGISTRATION ELECTRONIC FILINGS

The Department of Insurance, Financial Institutions, and Professional Registration is allowed to establish rules and the web-based delivery method for submitting required insurance-related filings. The filings must be carried out in a manner consistent with the federal Electronic Signatures in Global and National Commerce Act. Automobile insurers will be allowed to send renewal notices electronically as an alternative to sending the notices by first-class mail if the insured requests an electronic notice in writing. Policy cancellations are prohibited from being sent electronically.

HEALTH MAINTENANCE ORGANIZATIONS (HMOs)

The substitute requires proof that a dependent child is incapable of maintaining employment due to a mental or physical handicap to be submitted to the insured's HMO within 31 days after the child has attained the age when the child's coverage is to be terminated instead of the current at least 31 days.

GROUP HEALTH INSURANCE POLICIES

Currently, group health insurance policies must contain a provision that specifies any exclusions and limitations to the policy in regard to a disease or physical condition that an individual was treated for during the 12 months prior to the enrollment date of an individual's policy. The substitute limits the exclusions and limitations to the prior six months before an individual becomes covered under the policy. Exclusions and limitations cannot apply to a loss or disability that occurred after the enrollment date or during the 18-month period thereafter in the case of a late enrollee.

The substitute requires 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 to be submitted to the health insurer within 31 days after the dependent child has attained the age when coverage is

to be terminated in order to sustain coverage instead of the current at least 31 days.

#### MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The State Children's Health Insurance Program coverage is added to the list of credible coverages for individuals.

The definition for "waiting period" as it relates to the Missouri Health Insurance Portability and Accountability Act is revised to be a time period that must pass before coverage for an employee or dependent who is otherwise eligible to enroll in a group health plan becomes 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 an application for coverage and ends when the application for coverage is approved, 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.

#### INDIVIDUAL HEALTH INSURANCE POLICIES

The substitute requires 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 to be submitted to the health insurer within 31 days after the dependent child has attained the age when coverage is to be terminated in order to sustain coverage instead of the current at least 31 days.

#### MISSOURI HEALTH INSURANCE POOL

Currently, if an individual pays more than 150% of the standard insurance premium rates, he or she is eligible for insurance coverage through the Missouri Health Insurance Pool (MHIP). The MHIP board is required to establish the eligibility limits, but the substitute specifies that the limit cannot be in excess of 200% of the standard rates for individual health insurance coverage. Federally defined eligible individuals are not disqualified from being eligible for the pool.

#### 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 25 years of age and is not covered by an individual health benefit plan or entitled to federal Social Security assistance benefits, or a

disabled person who is dependent upon his or her parent.

A small employer can make a defined contribution to its employees with individual health insurance plans by establishing a cafeteria plan according to the laws regulating the Missouri Health Insurance Portability and Accountability Act.

A small employer insurance carrier must reasonably compensate an agent or broker for the sale of any small employer health benefit plan, and a small employer carrier must maintain and issue all health benefit plans it actively markets to small employers in the state.

Currently, a small employer insurance carrier will not be in violation of any unfair trade practice if the small employer charges a lesser premium or deductible for employees who do not use tobacco products. The substitute 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.

FISCAL NOTE: No impact on state funds in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters say that the bill will streamline current processes conducted by the Department of Insurance, Financial Institutions, and Professional Registration to renew vehicle registrations and will allow the department to accept electronic signatures so that all filings can be done electronically. A paper form will continue to be mailed unless a person opts to receive a renewal notice electronically.

Testifying for the bill were Senator Loudon; Missouri Insurance Coalition; and Department of Insurance, Financial Institutions, and Professional Registration.

OPPOSERS: There was no opposition voiced to the committee.