

HB 1827 -- GROUP HEALTH INSURANCE

SPONSOR: Wasson

COMMITTEE ACTION: Voted "do pass" by the Committee on Small Business by a vote of 11 to 0.

For health insurance plans issued to an association covering both small and large employers, this bill allows the difference in premium rates charged between similar classes of business to exceed 20% if the Director of the Department of Insurance determines it would be in the public's interest. The director may also approve additional classes of business if the plan is underwritten and rated as a single employer, has a uniform health plan design, is guaranteed issuance to all members, and complies with all other federal and state insurance requirements. The bill also reduces the membership requirement from 100 to 50 members for policies issued to associations.

FISCAL NOTE: No impact on General Revenue Fund in FY 2007, FY 2008, and FY 2009. Estimated Income on Other State Funds of \$0 to \$5,000 in FY 2007, \$0 in FY 2008, and \$0 in FY 2009.

PROPOSERS: Supporters say that the bill is a model that has been used in southwest Missouri where larger and smaller manufacturing companies joined in a consortium after receiving a waiver from the Department of Insurance. The businesses expect to save up to 40% on their health insurance premium rates and have stability on future rates. The bill allows pooling of large and small businesses and could be cookie-cut across the state for various groups. The bill is good for small business because it allows collective purchasing and negotiating power to obtain healthcare for employees where insurance was not affordable. Statistics show that 60% of uninsured workers are employed by small businesses. Healthcare insurance and workers' compensation are two of the top challenges for businesses. Businesses are finding both accessibility and affordability of healthcare difficult to obtain. The bill is another way to provide group healthcare, enabling businesses to attract and retain quality employees. Businesses in the consortium design their own insurance plan and are committed to the plan for three years. By reducing medical costs within the consortium through education and wellness programs, premiums remain lower.

Testifying for the bill were Representative Wasson; Southwest Area Manufacturers Association; Jenkins and Associates; Mercy Health Plans; Greg McVay; Gary Moss; John Gentry; Coventry Health Care; and National Federation of Independent Business.

OPPOSERS: There was no opposition voiced to the committee.

Karla Strobel, Legislative Analyst