HCS HB 818 -- MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

SPONSOR: Wilson, 130 (Ervin)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Health Insurance by a vote of 6 to 1.

This substitute establishes the Missouri Health Insurance Portability and Accountability Act and changes the laws regarding the Missouri Health Insurance Pool and small employer insurance availability.

MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The substitute:

(1) Establishes the Missouri Health Insurance Portability and Accountability Act with provisions that will apply to small, large, and individual group health insurance markets which:

(a) Bring the Missouri Health Insurance Pool into compliance with the federal Health Insurance Portability and Accountability Act (HIPPA);

(b) Defines the terms needed to carry out the provisions of the substitute;

(c) Allow an entity providing a group health plan to exclude or limit plan benefits, for no more than 18 months, if a medical condition received medical consideration within six months of enrolling into the plan;

(d) Allow an entity providing a group health plan to reduce pre-existing condition exclusions by the amount of creditable coverage a participant has accrued, subject to restrictions;

(e) Prohibit an entity providing group health insurance coverage from applying pre-existing conditions when creditable coverage applies;

(f) Require carriers to provide a certification of creditable coverage;

(g) Require a health insurance issuer to provide special enrollment periods when a health insurance issuer permits an employee or a dependent who is eligible but not enrolled for coverage, subject to restrictions; and

(h) Allow a health management organization to provide an

affiliation period for coverage if no pre-existing condition exclusions are imposed, the period is applied uniformly and does not exceed three months or the period starts on the enrollment date and runs concurrently with waiting periods;

(2) Requires an entity offering group health insurance coverage to follow standards prohibiting discrimination of eligible individuals based on physical or mental health, claims experience, medical history, genetics, insurability, or disability and premiums based on health status; however, there will be no restrictions on employer contributions or from offering discounts or rebates for adherence to health programs;

(3) Requires the health insurance issuer to renew or continue coverage if opted by a health plan sponsor or individual, subject to restrictions;

(4) Prohibits an issuer from discontinuing a type of coverage or all health insurance coverage offered in the market subject to some exceptions, but allows modifications to the coverage;

(5) Prohibits a renewal from being denied to the employer unless it is denied to all employers in the association;

(6) Requires a premium-only cafeteria plan be provided by a carrier when employers contribute to a health plan for an employee. Currently, there are premium only, child care, and reimbursed medical expenses parts of a cafeteria plan;

(7) Allows an employer the ability to pursue a define-contribution model without a group plan;

(8) Allows an issuer to discontinue or not renew a type of coverage or all health insurance coverage offered in the market, subject to specified exceptions;

(9) Requires a health insurance issuer electing to discontinue offering all coverage in a defined market to provide notice and discontinue or not renew all health insurance coverage in the market. The issuer cannot re-enter the market for five years;

(10) Allows a health insurance issuer offering coverage in the individual market to modify coverage at the time of renewal only if the change is applied uniformly among all individual policies;

(11) Prohibits an association from denying coverage renewal to an individual unless the association doesn't renew all coverage;

(12) Requires an insurer to provide a certification of coverage to the insured;

(13) Requires small employer health plans to comply with the requirements used by small employer carriers when determining whether to provide coverage to an employer. A carrier is prohibited from requiring minimum participation by greater than 100% of groups of three or less eligible employees or greater than 75% of groups of three or more employees;

(14) Allows a small employer carrier to not offer coverage to an employer or employee if the employer or employee is not physically located in the carrier's established geographic service area or there is no capability to deliver services adequately; and

(15) Requires each small employer carrier to actively market all plans sold in the small group market to eligible small employers.

MISSOURI HEALTH INSURANCE POOL

The substitute:

(1) Provides additional reasons for removing board members from the Missouri Health Insurance Pool Board;

(2) Requires the pool to provide a revised business plan to the Director of the Department of Insurance, Financial Institutions, and Professional Registration;

(3) Allows the board to administer separate accounting for health coverage tax credit coverage;

(4) Requires the board to file a report on the activities and accounts of the risks ceded into the reinsurance pool;

(5) Establishes criteria for determining the individuals eligible for the high-risk pool and for determining when notifications need to be provided to pool members regarding underwriting, eligibility, premiums, and changes in coverage;

(6) Provides application forms of health insurance plans and insurance arrangements that provide coverage to individuals or employers;

(7) Gives pool members voting rights;

(8) Allows pool members, excluding insurance arrangements, to decide which individuals or groups may be ceded into the pool and requires pool members ceding a risk to the pool to retain at least 30% of the risk and to pay a premium as determined by the rules governing the pool. The premium must be at least the amount charged to the insured. Risks may be ceded to the pool

for as long as the insured is covered. A pool member may cede risk into the pool if any portion of the premium is paid by any employer;

(9) Allows pool members the option of providing coverage to any person or group;

(10) Allows pool members to request verification of employment or residence for eligibility determination;

(11) Allows the pool to terminate coverage for those individuals who fail to meet eligibility requirements;

(12) Requires rates charged to pool members to be between 125% and 135% of the standard rate charge;

(13) Requires pool coverage to exclude expenses for pre-existing conditions;

(14) Excludes individuals without significant gaps in coverage from pre-existing condition exclusions; and

(15) Exempts the pool board administrator or employees from legal action pertaining to participation in the required duties of the pool.

FISCAL NOTE: Estimated Cost on General Revenue Fund of $0 in FY 2008, Unknown could exceed $400,000,000 in FY 2009, and Unknown could exceed $800,000,000 in FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that the bill is a step toward improving portability and accessibility of insurance by providing equitable tax treatment for small businesses with the provision for a premium-only cafeteria plan; allowing more portability of insurance plans; promoting individual ownership of plans and encouraging continuity of care; bringing the Missouri Health Insurance Pool into HIPPA compliance which will open opportunities for grants and allow employers to cede risk into the high-risk pool; decreasing the cost of insurance; increasing the number of small businesses that would offer health insurance; empowering employees to make health care decisions; and taking the burden off of employers.

Testifying for the bill were Representative Ervin; AETNA, Incorporated; Missouri Hospital Association; James Henderson, Dynamic Sales Company, Incorporated; National Federation of Independent Business; Missouri Retailers Association; and Jack Schroeder.

OPPONENTS: Those who oppose the bill say that several items still need to be considered including the necessity of subsides and premium offset programs; the impact of the purposely uninsured population; the transparency between health benefit plans, markets, and carriers; mandatory participation requirements; and how to properly cede risk into the high-risk pool.

Testifying against the bill were Michael Abroe, America's Health Insurance Plans; Blue Cross Blue Shield of Kansas City; James Coyne, Coyne Agency, Incorporated; Coventry Health Care; Greater Kansas City Chamber of Commerce; and United Healthcare.

OTHERS: Others testifying on the bill say that the provisions in the bill should always reflect the best interests of the consumer and the individual market.

Testifying on the bill were Missouri Chamber of Commerce and Industry; and Golden Rule Insurance Company.