

SS#2 SCS HCS HB 818 -- HEALTH INSURANCE

This bill establishes the Missouri Health Insurance Portability and Accountability Act including provisions to make Missouri compliant with the federal Health Insurance Portability and Accountability Act and changes the laws regarding health care insurance.

MISSOURI CONSOLIDATED HEALTH CARE PLAN

The Missouri Consolidated Health Care Plan must offer all qualified state employees and retirees the option of receiving health care coverage through a high-deductible plan combined with a health savings account beginning with the open enrollment period in 2009.

MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The bill changes the laws regarding health insurance carriers. Carriers that provide health insurance coverage are allowed 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 and to reduce pre-existing condition exclusions by the amount of creditable coverage a participant has accrued, subject to specified restrictions. A carrier can provide an affiliation period for coverage if no pre-existing condition exclusions are imposed, the period is applied uniformly and does not exceed two months or three months for a late enrollee, or the period starts on the enrollment date and runs concurrently with waiting periods. A carrier can also discontinue or not renew a type of coverage or all health insurance coverage offered in the market, subject to specified exceptions. Small employer carriers are not required to 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 adequate services. Carriers offering coverage in the individual market can modify coverage at the time of renewal only if the change is applied uniformly among all individual policies.

Health insurance carriers are prohibited from applying pre-existing conditions relating to a pregnancy or to a child who is adopted or placed for adoption before reaching 18 years of age when creditable coverage applies and from discontinuing a type of coverage or all health insurance coverage offered in the market subject to some specified exceptions. The carriers are allowed to make modifications to the coverage. Carriers are also prohibited from denying coverage renewal to an employer unless they deny coverage renewal to all employers in the association; and employer associations cannot deny coverage renewal to an

individual unless the association doesn't renew coverage to all employees.

Health insurance carriers are required to provide a certification of creditable coverage to the insured and special enrollment periods in certain specified circumstances. Carriers must follow standards prohibiting the 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 the amount of employer contributions or from offering discounts or rebates for individuals who participate in health promotion and disease prevention programs if that premium discount or rebate will not be included when computing a small group rate band under the Small Employer Health Insurance Availability Act. If a carrier elects to discontinue offering all coverage in a defined market, notice to discontinue or not renew all health insurance coverage in the market must be provided, and the issuer cannot re-enter the market for five years.

Employers that sponsor health plans through a carrier can opt to renew or continue coverage, subject to specified restrictions; and if the employer contributes to a health plan for an employee, the employer must provide a premium-only cafeteria plan. Employers who are self-insured are not required to offer cafeteria plans. Employers can also pursue a defined-contribution model without a group plan operated through a carrier. Small employer health plans must comply with the requirements used by small employer carriers when determining whether to provide coverage to an employer, and if an eligible employee chooses to retain his or her individually underwritten health benefit plan when he or she gains employment with a small employer that offers small group coverage, the individually underwritten plan is not subject to the small group provisions. A carrier is prohibited from requiring minimum participation by greater than 100% of groups of three or fewer eligible employees or greater than 75% of groups of more than three employees. Small employer carriers must actively market all plans sold in the small group market to eligible small employers. Small employer carriers will not be required to actively market plans developed for health benefit trust funds to all eligible employers in the state.

MISSOURI HEALTH INSURANCE POOL

The Missouri Health Insurance Pool Board of Directors is allowed to administer a separate account for federally eligible individuals from other pool eligible individuals, and its administrator and its employees are exempt from legal action regarding their participation in the required duties of the pool.

Additional reasons for removing members from the board are specified including neglect of duty, misfeasance, malfeasance, or nonfeasance in office. Five ex officio members are added to the board including two members of the House of Representatives, two Senators, and one member from a Missouri hospital. Their term of office will expire December 31, 2009. The board must conduct a study regarding the financing of the pool and submit a report of its findings and recommendations to the General Assembly by January 1, 2008.

Criteria are established for determining the eligibility of an individual for the high-risk pool. Persons who have or obtain coverage similar to a pool plan are ineligible for coverage. This exclusion will not apply to a person who has the coverage if the premiums have increased to 150% to 200% of the rates established by the board. After December 31, 2009, the exclusion will not apply to a person who has the coverage if the premiums have increased to 300% of the rates established by the board. A person may maintain eligibility by keeping other insurance coverage in order to satisfy a pre-existing condition waiting period. Similarly, a person may maintain plan coverage to satisfy a pre-existing condition waiting period under another health insurance policy intended to replace the pool policy. A health insurance carrier must notify individuals of the existence of the pool and its eligibility requirements if the carrier takes certain actions such as the rejection or cancellation of coverage or the limitation of coverage which are likely to make the individual eligible for pool coverage. The high-risk pool must offer all eligible persons for pool coverage the option of receiving health insurance coverage through a high-deductible plan with a health savings account. The high-risk pool must establish premium rates for pool coverage. Premium rates and schedules must be submitted to the department director for approval prior to their use. The standard risk rate will be determined by considering the premium rates charged by other health insurers offering individual coverage. The initial rates for pool coverage will not be less than 125% of the rates established as applicable for individual standard risks. Pool rates cannot exceed 150% of the standard rate charge for federally eligible individuals. Coverage provided in the pool will exclude expenses for 12 months for pre-existing conditions, and certain individuals will be excluded including federally eligible individuals without significant gaps in coverage from pre-existing condition exclusions.

SMALL EMPLOYER HEALTH INSURANCE ACT

Small employer health insurance premium rates can vary from the federal Consumer Price Index by 35% rather than the current 25%. Health benefit plans must be renewable to eligible employees and

dependents at the option of the employer unless the employer fails to pay premiums, commits fraud, or discontinues coverage in the small group market; there are no eligible individuals residing in the service area; the health insurance carrier discontinues coverage; or the employer discontinues membership in his or her association through which the coverage is provided. Employers can modify health plan coverage in the small group market if changes are uniform across the state and with other health plans.

HEALTH CARE SHARING MINISTRY

"Health care sharing ministry," defined in Section 376.1750, RSMo, as a faith-based, nonprofit organization that acts as a source of information between members who have financial, physical, or medical needs and members who can assist those with these needs, will not be subject to Missouri's health insurance laws. Beginning January 1, 2007, the bill authorizes an income tax deduction for the amount a taxpayer has paid as a member of a health care sharing ministry. The deduction is only allowed to the extent that the amount is not deducted on the taxpayer's federal income tax return.

HEALTH INSURANCE TAX CREDITS AND INCOME TAX DEDUCTIONS

A self-employed taxpayer, who is otherwise ineligible for the federal income tax health insurance deduction under federal law, will be allowed to receive a tax credit for the amount of federal taxes paid for health insurance.

The bill authorizes 100% of the amount paid for qualified health insurance premiums to be deducted from a taxpayer's Missouri taxable income to the extent the amount is not already included in the taxpayer's itemized deductions.

DELINQUENT MEDICAL BILLS

Currently, state agencies are allowed to submit an agency debt to the Department of Revenue in order to set off the debt by the person's tax refund. The bill establishes a process for hospitals and other health care providers to intercept a person's tax refund or lottery winnings.

DOWN SYNDROME PRENATAL INFORMATION

A health care provider is required to give certain information to a patient who receives a positive result from a prenatal test for Down Syndrome or other condition, including current information about the tested conditions, accuracy of the tests, resources for obtaining support services, and referrals to support service

providers, including the Missouri Alternatives to Abortion Services Program.

DEPENDENT HEALTH INSURANCE COVERAGE

If a health maintenance organization, a group health insurance, or an accident or sickness insurance plan provides coverage for an enrollee's eligible dependent and the coverage ends upon the dependent child reaching a limiting age, the enrollee may elect to continue the coverage until the dependent's twenty-fifth birthday. To be eligible, the enrollee must elect to continue coverage within 31 days of the child reaching the limiting age and the dependent must be unmarried, a state resident, and not be covered under a health benefit plan or government program. "Dependent" is defined, as it relates to the Missouri Health Insurance Pool, as a resident spouse or unmarried child younger than 19 years of age, a child who is a student younger than 25 years of age and who is dependent upon the parent, or a child of any age who is disabled and dependent upon the parent.

PRESCRIPTION DRUG COVERAGE

Any health carrier or health benefit plan that provides prescription drug coverage must notify enrollees in writing or electronically of all deletions in its prescription drug formularies at least 30 days prior to the deletion.

DISCOUNT MEDICAL PLAN ORGANIZATIONS

The bill establishes regulations for discount medical plan organizations and specifies that a discount medical plan cannot allow discounts or prices to be sold, rented, or otherwise provided to another carrier, a self-insured or self-funded employer-sponsored plan, or a Taft-Hartley trust.

TOCOLOGISTS

The bill specifies that any person who holds a current certification for a minister of religion or in tocology, the science of childbirth, midwifery, or obstetrics, by an organization accredited by the National Organization for Competency Assurance may provide services related to pregnancy, including prenatal, delivery, and postpartum services.

The provisions regarding the Missouri Health Insurance Portability and Accountability Act, delinquent medical bills, prescription drug coverage, dependent health insurance coverage, and certain sections regarding the Missouri Health Insurance Pool become effective January 1, 2008.