

SECOND REGULAR SESSION

# HOUSE BILL NO. 2198

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES LIPKE (Sponsor) AND WILSON (130) (Co-sponsor).

Read 1st time February 19, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

5177L.01I

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### AN ACT

To repeal sections 376.966 and 376.986, RSMo, and to enact in lieu thereof two new sections relating to the Missouri health insurance pool.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 376.966 and 376.986, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 376.966 and 376.986, to read as follows:

376.966. 1. No employee shall involuntarily lose his or her group coverage by decision  
2 of his or her employer on the grounds that such employee may subsequently enroll in the pool.  
3 The department shall have authority to promulgate rules and regulations to enforce this  
4 subsection.

5 2. The following individual persons shall be eligible for coverage under the pool if they  
6 are and continue to be residents of this state:

7 (1) An individual person who provides evidence of the following:

8 (a) A notice of rejection or refusal to issue substantially similar health insurance for  
9 health reasons by at least two insurers; or

10 (b) A refusal by an insurer to issue health insurance except at a rate exceeding the plan  
11 rate for substantially similar health insurance;

12 (2) A federally defined eligible individual who has not experienced a significant break  
13 in coverage;

14 (3) A trade act eligible individual;

15 (4) Each resident dependent of a person who is eligible for plan coverage;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 (5) Any person, regardless of age, that can be claimed as a dependent of a trade act  
17 eligible individual on such trade act eligible individual's tax filing;

18 (6) Any person whose health insurance coverage is involuntarily terminated for any  
19 reason other than nonpayment of premium or fraud, and who is not otherwise ineligible under  
20 subdivision (4) of subsection 3 of this section. If application for pool coverage is made not later  
21 than sixty-three days after the involuntary termination, the effective date of the coverage shall  
22 be the date of termination of the previous coverage;

23 (7) Any person whose premiums for health insurance coverage have increased above the  
24 rate established by the board under paragraph (a) of subdivision (1) of subsection 3 of this  
25 section;

26 (8) Any person currently insured who would have qualified as a federally defined eligible  
27 individual or a trade act eligible individual between the effective date of the federal Health  
28 Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the effective date  
29 of this act;

30 **(9) Any person who has exhausted his or her maximum in benefits from a health**  
31 **insurer.**

32 3. The following individual persons shall not be eligible for coverage under the pool:

33 (1) Persons who have, on the date of issue of coverage by the pool, or obtain coverage  
34 under health insurance or an insurance arrangement substantially similar to or more  
35 comprehensive than a plan policy, or would be eligible to have coverage if the person elected to  
36 obtain it, except that:

37 (a) This exclusion shall not apply to a person who has such coverage but whose  
38 premiums have increased to one hundred fifty percent to two hundred percent of rates established  
39 by the board as applicable for individual standard risks. After December 31, 2009, this exclusion  
40 shall not apply to a person who has such coverage but whose premiums have increased to three  
41 hundred percent or more of rates established by the board as applicable for individual standard  
42 risks;

43 (b) A person may maintain other coverage for the period of time the person is satisfying  
44 any preexisting condition waiting period under a pool policy; and

45 (c) A person may maintain plan coverage for the period of time the person is satisfying  
46 a preexisting condition waiting period under another health insurance policy intended to replace  
47 the pool policy;

48 (2) Any person who is at the time of pool application receiving health care benefits under  
49 section 208.151, RSMo;

50 (3) Any person having terminated coverage in the pool unless twelve months have  
51 elapsed since such termination, unless such person is a federally defined eligible individual;

52 (4) Any person on whose behalf the pool has paid out [one] **two** million dollars in  
53 benefits;

54 (5) Inmates or residents of public institutions, unless such person is a federally defined  
55 eligible individual, and persons eligible for public programs;

56 (6) Any person whose medical condition which precludes other insurance coverage is  
57 directly due to alcohol or drug abuse or self-inflicted injury, unless such person is a federally  
58 defined eligible individual or a trade act eligible individual;

59 (7) Any person who is eligible for Medicare coverage.

60 4. Any person who ceases to meet the eligibility requirements of this section may be  
61 terminated at the end of such person's policy period.

62 5. If an insurer issues one or more of the following or takes any other action based  
63 wholly or partially on medical underwriting considerations which is likely to render any person  
64 eligible for pool coverage, the insurer shall notify all persons affected of the existence of the  
65 pool, as well as the eligibility requirements and methods of applying for pool coverage:

66 (1) A notice of rejection or cancellation of coverage;

67 (2) A notice of reduction or limitation of coverage, including restrictive riders, if the  
68 effect of the reduction or limitation is to substantially reduce coverage compared to the coverage  
69 available to a person considered a standard risk for the type of coverage provided by the plan.

70 **6. When an insurer determines an insured has exhausted ninety-five percent of his**  
71 **or her total lifetime benefits, the insurer shall notify any affected person of the existence**  
72 **of the pool, of the person's eligibility for the pool when all lifetime benefits have been**  
73 **exhausted, and of methods of applying for pool coverage. When any affected person has**  
74 **exhausted one hundred percent of his or her total lifetime benefits, the insurer shall notify**  
75 **the affected person of his or her eligibility for pool coverage and of the methods of applying**  
76 **for such coverage. The insurer shall provide a copy of such notice to the pool with the**  
77 **name and address of such affected person.**

376.986. 1. The pool shall offer major medical expense coverage to every person  
2 eligible for coverage under section 376.966. The coverage to be issued by the pool and its  
3 schedule of benefits, exclusions and other limitations, shall be established by the board with the  
4 advice and recommendations of the pool members, and such plan of pool coverage shall be  
5 submitted to the director for approval. The pool shall also offer coverage for drugs and supplies  
6 requiring a medical prescription and coverage for patient education services, to be provided at  
7 the direction of a physician, encompassing the provision of information, therapy, programs, or  
8 other services on an inpatient or outpatient basis, designed to restrict, control, or otherwise cause  
9 remission of the covered condition, illness or defect.

10           2. In establishing the pool coverage the board shall take into consideration the levels of  
11 health insurance provided in this state and medical economic factors as may be deemed  
12 appropriate, and shall promulgate benefit levels, deductibles, coinsurance factors, exclusions and  
13 limitations determined to be generally reflective of and commensurate with health insurance  
14 provided through a representative number of insurers in this state.

15           3. The pool shall establish premium rates for pool coverage as provided in subsection  
16 4 of this section. Separate schedules of premium rates based on age, sex and geographical  
17 location may apply for individual risks. Premium rates and schedules shall be submitted to the  
18 director for approval prior to use.

19           4. The pool, with the assistance of the director, shall determine the standard risk rate by  
20 considering the premium rates charged by other insurers offering health insurance coverage to  
21 individuals. The standard risk rate shall be established using reasonable actuarial techniques and  
22 shall reflect anticipated experience and expenses for such coverage. Initial rates for pool  
23 coverage shall not be less than one hundred twenty-five percent of rates established as applicable  
24 for individual standard risks. Subject to the limits provided in this subsection, subsequent rates  
25 shall be established to provide fully for the expected costs of claims including recovery of prior  
26 losses, expenses of operation, investment income of claim reserves, and any other cost factors  
27 subject to the limitations described herein. In no event shall pool rates exceed the following:

28           (1) For federally defined eligible individuals and trade act eligible individuals, rates shall  
29 be equal to the percent of rates applicable to individual standard risks actuarially determined to  
30 be sufficient to recover the sum of the cost of benefits paid under the pool for federally defined  
31 and trade act eligible individuals plus the proportion of the pool's administrative expense  
32 applicable to federally defined and trade act eligible individuals enrolled for pool coverage,  
33 provided that such rates shall not exceed one hundred fifty percent of rates applicable to  
34 individual standard risks; and

35           (2) For all other individuals covered under the pool, one hundred fifty percent of rates  
36 applicable to individual standard risks; **and**

37           **(3) For any individual covered under the pool with an available income of less than**  
38 **two hundred fifty percent of the federal poverty level, a discount of fifty percent from the**  
39 **premium rates for the pool established under this section.**

40           5. Pool coverage established pursuant to this section shall provide an appropriate high  
41 and low deductible to be selected by the pool applicant. The deductibles and coinsurance factors  
42 may be adjusted annually in accordance with the medical component of the consumer price  
43 index.

44           6. Pool coverage shall exclude charges or expenses incurred during the first twelve  
45 months following the effective date of coverage as to any condition for which medical advice,

46 care or treatment was recommended or received as to such condition during the six-month period  
47 immediately preceding the effective date of coverage. Such preexisting condition exclusions  
48 shall be waived to the extent to which similar exclusions, if any, have been satisfied under any  
49 prior health insurance coverage which was involuntarily terminated, if application for pool  
50 coverage is made not later than sixty-three days following such involuntary termination and, in  
51 such case, coverage in the pool shall be effective from the date on which such prior coverage was  
52 terminated.

53 7. No preexisting condition exclusion shall be applied to the following:

54 (1) A federally defined eligible individual who has not experienced a significant gap in  
55 coverage; or

56 (2) A trade act eligible individual who maintained creditable health insurance coverage  
57 for an aggregate period of three months prior to loss of employment and who has not experienced  
58 a significant gap in coverage since that time.

59 8. Benefits otherwise payable under pool coverage shall be reduced by all amounts paid  
60 or payable through any other health insurance, or insurance arrangement, and by all hospital and  
61 medical expense benefits paid or payable under any workers' compensation coverage, automobile  
62 medical payment or liability insurance whether provided on the basis of fault or nonfault, and  
63 by any hospital or medical benefits paid or payable under or provided pursuant to any state or  
64 federal law or program except Medicaid. The insurer or the pool shall have a cause of action  
65 against an eligible person for the recovery of the amount of benefits paid which are not for  
66 covered expenses. Benefits due from the pool may be reduced or refused as a setoff against any  
67 amount recoverable under this subsection.

68 9. Medical expenses shall include expenses for comparable benefits for those who rely  
69 solely on spiritual means through prayer for healing.

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