

HCS HB 2282 -- HEALTH INSURANCE

SPONSOR: Wilson, 130 (Ervin)

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

This substitute changes the laws regarding health insurance.

INCOME TAX DEDUCTIONS, CREDITS, AND REFUNDS

A self-employed, Missouri resident's individual health insurance premiums will be excluded from being deducted from his or her adjusted gross income when computing his or her Missouri taxable income.

The definition of "debt" is revised to exclude unpaid health care expenses due to a hospital or health care provider that is being enforced by the Department of Health and Senior Services.

Hospitals and health care providers that have an unpaid claim of more than 90 days delinquent for services provided to persons who are not eligible for state medical health care benefits can submit a claim to the Department of Revenue instead of the Department of Health and Senior Services. The Department of Revenue must develop the unpaid claim form for hospitals and health care providers to use to certify that the services were provided to a person who is not eligible for state medical health care benefits and that the person has not paid for the services in the 180 days since they were provided and that reasonable attempts have been made to contact the person to arrange payment for the services. When certifying an unpaid claim, the hospital or health care provider is responsible for providing the information to identify the debtor. If the debtor is determined to be entitled to a refund by the department, the department must notify the hospital or health care provider that a refund has been set-off on behalf of the hospital or provider and settle the debt. The department must offset child support obligations enforced by the Family Support Division within the Department of Social Services with any remaining refund dollars prior to reimbursing a state agency. The departments of Revenue and Social Services must establish rules to administer the provisions regarding unpaid claims for health care providers, instead of the departments of Revenue and Health and Human Services.

STATE LOTTERY FUND

Currently, the Department of Revenue can enter into agreements with the Missouri Lottery Commission to satisfy outstanding state

agency debts from a person's lottery winnings. The department will no longer be required to work with the Department of Health and Senior Services to enter into an agreement to pay a claim to a health care provider.

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: Estimated Cost on General Revenue Fund of \$1,094,695 in FY 2009, \$1,205,502 in FY 2010, and Unknown less than \$4,271,871 in FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters say that the provisions of the bill are a result of House Bill 818 from 2007, are needed to clarify the laws regarding health insurance, and contain necessary technical changes.

Testifying for the bill was Representative Ervin.

OPPONENTS: There was no opposition voiced to the committee.