

HB 1901 -- PREMIUM SECURITY PLAN

SPONSOR: Proudie

This bill establishes the "Missouri Premium Security Plan" which is a state based reinsurance program administered by the Director of Commerce and Insurance with assistance from the Department of Health and Senior Services.

The reinsurance program is created to stabilize and reduce premium rates in the individual health insurance market and to increase participation. The program is an alternative to the Affordable Care Act. The Director will apply to the Secretary of Health and Human Services under 42 U.S.C. Section 18052 for a state innovation waiver to implement the Missouri premium security plan beginning January 1, 2025, and future years, to maximize federal funding for the plan.

Eligible health carriers must calculate the premium amount they would have charged for the benefit year if the Missouri premium security plan had not been established. Health carriers will apply for reinsurance payments to offset premiums charged for individual health plans. The Department must determine a coinsurance rate of between 50% and 80% depending on how much federal money is received. The Director must determine the payment parameters for the next benefit year by January 15th of the year before the applicable benefit year.

Each reinsurance payment must be calculated with respect to an eligible health carrier's incurred claims costs for an individual enrollee's covered benefits in the applicable benefit year. If the claims costs do not exceed the attachment point, the reinsurance payment is zero dollars. If the claims costs exceed the attachment point, the reinsurance payment must be calculated as the product of the coinsurance rate and the lesser of the claims costs minus the attachment point or the reinsurance cap minus the attachment point. The Department must ensure that reinsurance payments made to eligible health carriers do not exceed the total amount paid by the eligible health carrier for an eligible claim.

This bill establishes a legislative working group consisting of the chairs and ranking minority members of the Senate committees with jurisdiction over commerce, health and senior services finance and policy, health services reform and policy, and the chairs and ranking minority members of the House of Representatives committees with jurisdiction over commerce and regulatory reform, health and senior services finance, and health and senior services reform. The purpose of the working group is to advise the Department on the adoption of payment parameters and other elements of a reinsurance

plan for benefit year 2026. Technical assistance for the working group must be provided by one health insurance expert not currently in the industry selected by the majority members of the working group and one health insurance expert not currently in the industry selected by minority members of the working group. The technical assistants must review and monitor the following to serve as a resource for the working group:

(1) The effectiveness of the reinsurance models adopted in Alaska, Minnesota, and other states in stabilizing the premiums of the individual market and the related costs thereof; and

(2) The effect of federal health reform legislation on the Missouri premium security plan including, but not limited to, funding for the plan.

This bill contains an emergency clause.

This bill is similar to HB 364 (2023).