

## HB 229 -- HEALTH INSURANCE (Ervin)

COMMITTEE OF ORIGIN: Special Committee on Health Insurance

This bill changes the laws regarding health insurance.

### INCOME TAX DEDUCTIONS

The bill removes the deduction for a self-employed, Missouri resident's individual health insurance premiums from his or her adjusted gross income when computing his or her Missouri taxable income (Section 143.111, RSMo).

### HEALTH MAINTENANCE ORGANIZATIONS (HMOs)

The bill 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 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 (Section 354.536).

### 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 bill 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 (Section 376.426).

The bill 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 (Section 376.426).

### MISSOURI HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The State Children's Health Insurance Program (SCHIP) coverage is added to the list of credible coverages for individuals (Section 376.450.1).

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 (Section 376.450.1).

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 (Section 376.450.6).

#### EMPLOYER REQUIREMENTS

If an employer provides health insurance to an employee and the employee pays any portion of the cost of the premium, the employer must also provide a premium-only cafeteria plan or a health reimbursement arrangement (Section 376.453).

Employees are allowed to use funds from one or more employer health reimbursement arrangement (HRA) only plans to help pay for individual health insurance coverage. HRAs are employee benefit plans provided by an employer which establish an account funded solely by the employer to reimburse the employee for qualified medical expenses incurred by the employee or his or her family. The HRA establishes a maximum defined coverage amount for a defined coverage period and carries forward any unused funds at the end of the coverage period to subsequent coverage periods (Section 376.1600).

#### DEPARTMENT REPORTING

By January 1, 2010, the Director of the Department of Insurance, Financial Institutions and Professional Registration must provide recommendations to the General Assembly of changes to remove any unnecessary barriers that limit the entry of new health insurance products into the Missouri insurance market. The director must also examine proposals adopted in other states that streamline the regulatory processes to allow insurance companies to market new and existing products more easily (Section 376.1618).

#### INDIVIDUAL HEALTH INSURANCE POLICIES

The bill 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 (Section 376.776).

#### 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 any group or individual health benefit plan or entitled to federal Social Security assistance benefits, or an unmarried child of any age who is disabled and dependent upon his or her parent (Section 379.930.2).

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 (Section 379.940.2).

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 bill 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 (Section 379.952.6).

FISCAL NOTE: No impact on state funds in FY 2010, FY 2011, and FY 2012.