

SENATE BILL 290

Introduced by Christiaens, et al.

2/01	Introduced
2/01	Referred to Public Health, Welfare & Safety
2/01	First Reading
2/01	Fiscal Note Requested
2/06	Fiscal Note Received
2/08	Hearing
2/09	Fiscal Note Printed
2/19	Tabled in Committee

1 ~~Senate~~ BILL NO. 290
 2 INTRODUCED BY *Christians Cacchiulla*
 3 *J.A. Waldon* *Stanford Wilson* *Deputy cgh* *Deputy*
 4 *Dean* *Ward* *V. Veltrop* *Henry S. Keady*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING INSURERS TO
 6 USE COMMUNITY RATING IN ESTABLISHING PREMIUMS FOR COVERAGE
 7 UNDER A POLICY OR CONTRACT OF HEALTH INSURANCE; PROVIDING A
 8 GUARANTY FOR ISSUANCE AND RENEWAL OF HEALTH INSURANCE; AND
 9 ESTABLISHING REQUIREMENTS AND LIMITATIONS FOR INSURERS THAT
 10 CEASE DOING BUSINESS AS PROVIDERS OF HEALTH INSURANCE."
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 NEW SECTION. Section 1. Definitions. As used in
 13 [section 2] and this section, the following definitions
 14 apply:
 15 (1) "Community rating" means a rating methodology
 16 approved by the commissioner in which the premiums for all
 17 persons covered by a policy or contract of health insurance
 18 are the same, based on the entire pool of risks covered by
 19 the policy or contract without regard to age, sex, other
 20 demographics, geographical factors, health status,
 21 occupation, claims experience, or duration of coverage.
 22 (2) "Health care coverage" means the provision of care,
 23 products, or services for the diagnosis, prevention,
 24 treatment, or cure of human illness, disease, injury, or
 25 disability.

1 (3) "Health insurance" means a policy or contract
 2 providing health care coverage for the insured.
 3 (4) "Insured" means an individual entitled to health
 4 care coverage under a policy or contract of health insurance
 5 issued by an insurer.
 6 (5) "Insurer" means:
 7 (a) a person, company, or firm that operates pursuant
 8 to Title 33, chapter 2 or 3, and offers or sells policies or
 9 contracts of disability insurance as provided in Title 33,
 10 chapter 22;
 11 (b) a health service corporation as defined in
 12 33-30-101;
 13 (c) a health maintenance organization as defined in
 14 33-31-102;
 15 (d) a fraternal benefit society as defined in 33-7-105;
 16 or
 17 (e) any other entity, regulated by the commissioner,
 18 that provides health care coverage.
 19 NEW SECTION. Section 2. Community rating --
 20 limitations. (1) Each insurer that offers, sells, issues, or
 21 renews policies or contracts of health insurance in this
 22 state shall use community rating to establish the premiums
 23 for coverage under the policy or contract.
 24 (2) The underwriting of policies or contracts under
 25 subsection (1) may not involve more than the imposition of a

preexisting condition limitation as permitted under this title.

(3) (a) This section does not prohibit the use of premium rate structures to establish different premium rates for individuals than for family units.

(b) This section does not prohibit a rate structure that differentiates between one-person, two-person, and family rates.

(c) An insurer may not vary rates based on age, gender, occupation or industry, geography, marital status, or health status.

NEW SECTION. Section 3. Guaranteed issuance and guaranteed renewal -- limits for preexisting condition. (1) Every insurer shall guarantee:

(a) coverage to every individual that meets the insurer's minimum participation requirements; and

(b) renewal to all eligible groups and to all eligible employees and their dependents in those groups, except:

(i) for nonpayment of the required premiums by the policyholder, contract holder, or employer;

(ii) for fraud or material misrepresentation by the policyholder, contract holder, or employer;

(iii) with respect to coverage of eligible individuals, for fraud or material misrepresentation on the part of the individual or the individual's representative;

(iv) for noncompliance with the insurer's minimum participation requirements, which may not exceed 75%; or

(v) if the insurer ceases providing health insurance.

(2) A preexisting condition provision may not exclude coverage for a period exceeding 12 months following the effective date of coverage for the insured.

NEW SECTION. Section 4. Cessation of business -- prohibition from doing business. (1) After September 30, 1993, an insurer that provides health insurance and anticipates ceasing doing business in the health insurance market shall comply with subsections (2) and (3).

(2) Notice of a decision to cease doing business in the health insurance market must be provided in writing to the commissioner and to every individual insured by the insurer. The notice must be provided not less than 6 months prior to the date on which the insurer will cease doing business in the health insurance market.

(3) An insurer that ceases doing business in the health insurance market is prohibited from writing new business in the market for 5 years from the date of the notice to the commissioner required in subsection (2).

NEW SECTION. Section 5. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 33, chapter 22, part 1, and the provisions of Title 33, chapter 22, part 1, apply to

1 [sections 1 through 4].

2 NEW SECTION. **Section 6. Severability.** If a part of
3 [this act] is invalid, all valid parts that are severable
4 from the invalid part remain in effect. If a part of [this
5 act] is invalid in one or more of its applications, the part
6 remains in effect in all valid applications that are
7 severable from the invalid applications.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0290, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act requiring insurers to use community rating in establishing premiums for coverage under a policy or contract of health insurance; providing a guaranty for issuance and renewal of health insurance; and establishing requirements and limitations for insurers that cease doing business as providers of health insurance.

ASSUMPTIONS:

1. The bill requires enforcement of changes to be made by insurers but is assumed to have no fiscal impact to the State Auditor's Office.
2. The fiscal impact on health insurers, rates charged to insureds, and the availability of health insurance in the state is not subject to precise estimate.

FISCAL IMPACT:

Not subject to precise estimate.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The long-range impact on health insurers, premium rates, and availability of health insurance coverage is not subject to precise estimate.

David Lewis 2-5-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

B.F. "Chris" Christiaens 2/9/93

B.F. "CHRIS" CHRISTIAENS, PRIMARY SPONSOR DATE

Fiscal Note for SB0290, as introduced

SB 290