

1 *Wells Brainerd* House BILL NO. 533, *Second Extraordinary*
2 INTRODUCED BY *Amott Barnett Miller McKee Grimes*
3 *Wiseman Green Denny Tom Nelson Holland Forbes*
4 *Knox Curtis* *Shea OR* *Mike Storall* *Bob Wayne*
5 *Smith Vicki Guenckler* *John* *Bob*
6 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO HEALTH BENEFIT PLANS; PROVIDING FOR THE
7 PORTABILITY OF HEALTH BENEFIT PLANS BY REQUIRING INSURERS TO WAIVE CERTAIN TIME PERIODS
8 APPLICABLE TO PREEXISTING CONDITIONS; REQUIRING CERTAIN INCREASES IN PLAN CHARGES TO
9 BE DISTRIBUTED PROPORTIONATELY AMONG ALL PLANS OF AN INSURER; AND AMENDING SECTION
10 33-22-101, MCA." *Steve* *Amber* *Bob* *Donovan* *Simon* *Ron*
11 *Feeland* *Clark* *Taylor* *Marion* *Simkins* *Bellings* *MEP*
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 **NEW SECTION.** **Section 1. Definitions.** As used in [section 2], unless the context indicates
13 otherwise, the following definitions apply:

14 (1) "Health care insurer" means a health care insurer as defined in 33-22-125.

15 (2) (a) "Individual health benefit plan" means any hospital or medical expense policy or certificate,
16 subscriber contract, or contract of insurance provided by a prepaid hospital or medical service plan or health
17 maintenance organization subscriber contract and issued or delivered for issue to an individual or provided
18 by any discretionary group trust policy providing hospital or medical expense coverage to individuals.

19 (b) Individual health benefit plan does not include a self-insured group health plan; a self-insured
20 multiemployer group health plan; a group conversion plan; an insured group health plan; accident only,
21 specified disease, short-term hospital or medical, hospital confinement indemnity, credit, dental, vision,
22 medicare supplement, long-term care, or disability income insurance; coverage issued as a supplement to
23 liability insurance; workers' compensation or similar insurance; or automobile medical payment insurance.

24 (3) "Qualifying previous coverage" means benefits or coverage provided under:

25 (a) medicare or medicaid;

26 (b) group health insurance or a health benefit plan that provides benefits similar to or exceeding
27 benefits provided under the standard health benefit plan referred to in 33-22-1811 and 33-22-1812 if the
28 insurance or plan has been in effect for a period of at least 1 year; or

29 (c) an individual health benefit plan, including coverage issued by a health maintenance
30 organization, a prepaid hospital or medical care plan, or a fraternal benefit society if the plan has been in

1 effect for a period of at least 1 year.

2

3 **NEW SECTION. Section 2. Portability of insurance required.** A health care insurer shall waive any
4 time period applicable to a preexisting condition exclusion or limitation period with respect to particular
5 services in an individual health benefit plan for the period of time that an individual was previously covered
6 by qualifying previous coverage that provided benefits with respect to those services, if the qualifying
7 previous coverage was continuous to a date not more than 30 days prior to the effective date of new
8 coverage.

9

10 **NEW SECTION. Section 3. Premium increases to be distributed proportionately.** (1) A health care
11 insurer may increase the health benefit plan charges for a group or individual policy, certificate, or contract
12 previously issued by that insurer because of a change in the attained age of the insured. Increases in
13 premium, certificate, or contract charges for policies, certificates, or contracts previously issued by that
14 insurer, based on factors other than attained age, must be distributed proportionately by premium amount
15 to all the policy, certificate, and contract holders of that insurer in the state.

16 (2) As used in this section, the following definitions apply:

17 (a) (i) "Health benefit plan" means a hospital or medical policy or certificate providing for physical
18 and mental health care issued by an insurance company, a fraternal benefit society, or a health service
19 corporation or issued under a health maintenance organization subscriber contract.

20 (ii) Health benefit plan does not include:

21 (A) accident only, credit, dental, vision, specified disease, medicare supplement, long-term care,
22 or disability income insurance;

23 (B) coverage issued as a supplement to liability insurance, workers' compensation insurance, or
24 similar insurance; or

25 (C) automobile medical payment insurance.

26 (b) "Health care insurer" or "insurer" means a health care insurer as defined in 33-22-125.

27

28 **Section 4.** Section 33-22-101, MCA, is amended to read:

29 **"33-22-101. Exceptions to scope.** Parts 1 through 4 of this chapter, except 33-22-107,
30 33-22-110, 33-22-111, 33-22-114, [section 3], 33-22-125, 33-22-130 through 33-22-132, and

1 33-22-304, do not apply to or affect:

(1) any policy of liability or workers' compensation insurance with or without supplementary expense coverage;

4 (2) any group or blanket policy;

5 (3) life insurance, endowment, or annuity contracts or supplemental contracts that contain only
6 those provisions relating to disability insurance as:

7 (a) provide additional benefits in case of d

7 (a) provide additional benefits in case of death or dismemberment or loss of sight by accident or
8 accidental means; or

9 (b) operate to safeguard contracts against lapse or to give a special surrender value or special
10 benefit or an annuity in the event that the insured or annuitant becomes totally and permanently disabled,
11 as defined by the contract or supplemental contract;

12 (4) reinsurance."

13

14 **NEW SECTION.** **Section 5. Codification instruction.** (1) [Sections 1 and 2] are intended to be
15 codified as an integral part of Title 33, chapter 22, and the provisions of Title 33, chapter 22, apply to
16 [sections 1 and 2].

17 (2) [Section 3] is intended to be codified as an integral part of Title 33, chapter 22, part 1, and the
18 provisions of Title 33, chapter 22, part 1, apply to [section 3].

19 -END-

APPROVED BY SELECT
COMMITTEE ON HEALTH CARE

1 HOUSE BILL NO. 533

2 INTRODUCED BY ARNOTT, BARNETT, MILLS, MCKEE, GRINDE, WELLS, BRAINARD, KEENAN,
3 DEVANEY, WISEMAN, KNOX, GREEN, CURTISS, DENNY, T. NELSON, HIBBARD, FORBES, OHS,
4 SLITER, ORR, MURDOCK, STOVALL, ZOOK, HAYNE, L. SMITH, DEBRUYCKER, GRADY, TASH,
5 SOMERVILLE, AHNER, SOFT, HERRON, SIMON, ROSE, FELAND, CLARK, TAYLOR, MERCER,
6 SIMPKINS, BOHLINGER, MCGEE

8 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO HEALTH BENEFIT PLANS; PROVIDING FOR THE
9 PORTABILITY OF HEALTH BENEFIT PLANS BY REQUIRING INSURERS TO WAIVE CERTAIN TIME PERIODS
0 APPLICABLE TO PREEXISTING CONDITIONS; REQUIRING CERTAIN INCREASES IN PLAN CHARGES TO
1 BE DISTRIBUTED PROPORTIONATELY AMONG ALL PLANS OF AN INSURER; AND AMENDING SECTION
2 33-22-101, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

6 NEW SECTION. Section 1. Definitions. As used in [section 2], unless the context indicates
7 otherwise, the following definitions apply:

8 (1) "BLOCK OF BUSINESS" MEANS AN INDIVIDUAL DISABILITY INSURANCE POLICY CERTIFICATE
9 OR CONTRACT PRODUCT TYPE WRITTEN AND SOLD BY A HEALTH CARE INSURER TO A DEFINED SET
10 OF INDIVIDUALS. ALL INDIVIDUALS COVERED BY THE TYPE OF POLICY OR CONTRACT ARE
11 CONSIDERED TO BE WITHIN THE BLOCK OF BUSINESS.

12 (1) (2) "Health care insurer" means a ~~health care insurer as defined in 33-22-125~~ **DISABILITY**
13 **INSURER, A HEALTH SERVICE CORPORATION, OR A HEALTH MAINTENANCE ORGANIZATION.**

4 ~~(2)~~ (3) (a) "Individual health benefit plan" means any hospital or medical expense policy or
5 certificate, subscriber contract, or contract of insurance provided by a prepaid hospital or medical service
6 plan or health maintenance organization subscriber contract and issued or delivered for issue to an individual
7 or provided by any discretionary group trust policy providing hospital or medical expense coverage to
8 individuals.

(b) Individual health benefit plan does not include a self-insured group health plan; a self-insured multiemployer group health plan; a group conversion plan; an insured group health plan; accident only,

1 specified disease, short-term hospital or medical, hospital confinement indemnity, credit, dental, vision,
2 medicare supplement, long-term care, or disability income insurance; coverage issued as a supplement to
3 liability insurance; workers' compensation or similar insurance; or automobile medical payment insurance.

4 ~~(3) (4)~~ "Qualifying previous coverage" means benefits or coverage provided under:

5 (a) medicare or medicaid;

6 (b) group health insurance or a health benefit plan that provides benefits similar to or exceeding

7 benefits provided under the ~~standard health benefit plan referred to in 33-22-1811 and 33-22-1812 PLAN~~

8 BEING APPLIED FOR if the insurance or plan has been in effect for a period of at least 1 year; or

9 (c) an individual health benefit plan, including coverage issued by a health maintenance

10 organization, a prepaid hospital or medical care plan, or a fraternal benefit society, THAT PROVIDES

11 BENEFITS SIMILAR TO OR EXCEEDING THE PLAN BEING APPLIED FOR if the plan has been in effect for

12 a period of at least 1 year.

13

14 **NEW SECTION. Section 2. Portability of insurance required WAIVER OF PREEXISTING CONDITION**

15 **EXCLUSION.** A health care insurer shall waive any time period applicable to a preexisting condition
16 exclusion or limitation period with respect to particular services in an individual health benefit plan for the
17 period of time that an individual was previously covered by qualifying previous coverage that provided bene-
18 fits with respect to those services, if the qualifying previous coverage was continuous to a date not more
19 than 30 days prior to the ~~effective~~ date of APPLICATION FOR new coverage.

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21 **NEW SECTION. Section 3. Premium increases to be distributed proportionately.** (1) A health care
22 insurer may increase the health benefit plan charges for a group or individual policy, certificate, or contract
23 previously issued by that insurer because of a change in the attained age of the insured. Increases in
24 premium, certificate, or contract charges for policies, certificates, or contracts previously issued by that
25 insurer, based on factors other than attained age, must be distributed proportionately ~~by premium amount~~
26 ~~to all the policy, certificate, and contract holders of that insurer in the state~~ ACROSS THE BLOCK OF
27 BUSINESS.

28 (2) As used in this section, the following definitions apply:

29 (a) (i) "Health benefit plan" means a hospital or medical policy or certificate providing for physical
30 and mental health care issued by an insurance company, a fraternal benefit society, or a health service

1 corporation or issued under a health maintenance organization subscriber contract.

2 (ii) Health benefit plan does not include:

3 (A) accident only, credit, dental, vision, specified disease, medicare supplement, long-term care,
4 or disability income insurance;

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6 similar insurance; or

7 (C) automobile medical payment insurance.

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10 **Section 4.** Section 33-22-101, MCA, is amended to read:

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12 33-22-110, 33-22-111, 33-22-114, [section 3], 33-22-125, 33-22-130 through 33-22-132, and
13 33-22-304, do not apply to or affect:

14 (1) any policy of liability or workers' compensation insurance with or without supplementary
15 expense coverage;

16 (2) any group or blanket policy;

17 (3) life insurance, endowment, or annuity contracts or supplemental contracts that contain only
18 those provisions relating to disability insurance as:

19 (a) provide additional benefits in case of death or dismemberment or loss of sight by accident or
20 accidental means; or

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22 benefit or an annuity in the event that the insured or annuitant becomes totally and permanently disabled,
23 as defined by the contract or supplemental contract;

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26 **NEW SECTION. Section 5. Codification instruction.** (1) [Sections 1 and 2] are intended to be
27 codified as an integral part of Title 33, chapter 22, and the provisions of Title 33, chapter 22, apply to
28 [sections 1 and 2].

29 (2) [Section 3] is intended to be codified as an integral part of Title 33, chapter 22, part 1, and the
30 provisions of Title 33, chapter 22, part 1, apply to [section 3].

1 NEW SECTION. SECTION 6. APPLICABILITY. [THIS ACT] APPLIES TO A POLICY, CERTIFICATE,
2 OR CONTRACT OF DISABILITY INSURANCE AND A HEALTH SERVICE MEMBERSHIP CONTRACT ENTERED
3 INTO OR RENEWED ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT].

4

5 NEW SECTION. SECTION 7. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JANUARY 1, 1996.

6

-END-

1

HOUSE BILL NO. 533

2

INTRODUCED BY ARNOTT, BARNETT, MILLS, MCKEE, GRINDE, WELLS, BRAINARD, KEENAN,
DEVANEY, WISEMAN, KNOX, GREEN, CURTISS, DENNY, T. NELSON, HIBBARD, FORBES, OHS,
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22 (1) (2) "Health care insurer" means a ~~health care insurer as defined in 33-22-125~~ DISABILITY
23 INSURER, A HEALTH SERVICE CORPORATION, OR A HEALTH MAINTENANCE ORGANIZATION.

24 (2) (3) (a) "Individual health benefit plan" means any hospital or medical expense policy or
25 certificate, subscriber contract, or contract of insurance provided by a prepaid hospital or medical service
26 plan or health maintenance organization subscriber contract and issued or delivered for issue to an individual
27 or provided by any discretionary group trust policy providing hospital or medical expense coverage to
28 individuals.

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15 expense coverage;

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22 benefit or an annuity in the event that the insured or annuitant becomes totally and permanently disabled,
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6

-END-

JOINT SELECT COMMITTEE REPORT

Page 1 of 8
March 17, 1995

MR. PRESIDENT:

We, your Joint Select committee on Health Care, having had under consideration HB 533 (third reading copy -- blue), respectfully report that HB 533 be amended as follows and as so amended be concurred in.

Signed: Steve Benedict
Senator Steve Benedict, Chair

That such amendments read:

1. Title, line 11.

Following: "INSURER;"

Insert: "REQUIRING DISCLOSURE OF CERTAIN POLICY FEATURES AT OR BEFORE THE TIME OF APPLICATION; CREATING A LOW-COST UNIFORM HEALTH BENEFIT PLAN; CAPPING PREMIUM RATES ON CERTAIN CONVERSION POLICIES;"

2. Title, line 11.

Strike: "SECTION"

Insert: "SECTIONS"

3. Title, line 12.

Following: "33-22-101,"

Insert: "33-22-508, AND 33-30-1007,"

4. Page 1, line 19.

Following: "CONTRACT"

Strike: "PRODUCT TYPE"

Insert: "filed and approved by the commissioner pursuant to 33-1-501 and"

5. Page 1, line 20.

Strike: "TYPE OF"

6. Page 1, line 23.

Strike: "OR"

Following: "ORGANIZATION"

Insert: ", or a fraternal benefit society"

7. Page 1, line 26.

Following: "issued"

Strike: "or delivered for issue"

Insert: "for delivery"

8. Page 1, lines 27 and 28

Strike: "or" on line 27 through "individuals" on line 28

SN
Amd. Coord.
Sec. of Senate

Sen. Miller
Senator Carrying Bill

HB 533
JOINT H & S

9. Page 1, line 29.

Strike: "self-insured" in two places

Insert: "self-funded" in two places

10. Page 2, line 8.

Following: "FOR"

Strike: the remainder of line 8 through "year"

11. Page 2, lines 11 and 12.

Following: "FOR"

Strike: the remainder of line 11 through "year" on line 12

12. Page 2, line 22.

Strike: "a group or"

Insert: "an"

13. Page 2, line 24.

Following: "charges for"

Insert: "individual"

14. Page 2, line 27.

Following: "BUSINESS"

Insert: "as defined in [section 1]"

15. Page 3, line 8.

Following: "means a"

Strike: the remainder of line 8

Insert: "disability insurer, a health service corporation, a health maintenance organization, or a fraternal benefit society."

16. Page 3, line 9.

Insert: "(3) The provisions of Title 33, chapter 1, parts 3 and 7, apply to this section."

17. Page 3, line 25.

Insert: "

NEW SECTION. Section 5. Disclosure standards -- individual policy. (1) In order to provide for full and fair disclosure in the sale of disability insurance, an individual disability insurance policy may not be delivered or issued for delivery in this state unless an outline of coverage is delivered to the applicant at the time the application is made.

(2) The outline of coverage must include:

(a) a general description of the principal benefits and coverages provided by the policy;

(b) a general description of the insured's financial responsibility under the policy, including, if applicable, the

amount of the deductible, the amount or percentage of copayment, and the maximum annual out-of-pocket expenses to be paid by the insured;

(c) a statement of the maximum lifetime benefit available under the policy;

(d) a statement of the estimated periodic premium to be paid by the insured;

(e) a general description of the factors or case characteristics that the insurer may consider in establishing or changing the premiums and, if applicable, in determining the insurability of the applicant; and

(f) a general description of the trend of premium increases or decreases for comparable policies issued by the insurer during the preceding 5 years, if the trend data is available.

(3) The outline of coverage may include any other information that the insurer considers relevant to the applicant's selection of an appropriate individual disability policy.

(4) An insurer or producer shall provide to an individual, upon request, an outline of coverage for any health benefit product marketed to the general public. The outline of coverage provided under this subsection may exclude the statement of the estimated periodic premium to be paid by the insured.

NEW SECTION. Section 6. Disclosure standards -- group policy. (1) In order to provide for full and fair disclosure in the sale of disability insurance, a group disability insurance policy may not be delivered or issued for delivery in this state unless an outline of coverage is delivered to the applicant at the time the application is made.

(2) The outline of coverage must include:

(a) a general description of the principal benefits and coverages provided by the policy;

(b) a general description of the insured's financial responsibility under the policy, including, if applicable, the amount of the deductible, the amount or percentage of copayment, and the maximum annual out-of-pocket expenses to be paid by the insured;

(c) a statement of the maximum lifetime benefit available under the policy;

(d) a statement of the estimated periodic premium to be paid by the insured;

(e) a general description of the factors or case characteristics that the insurer may consider in establishing or changing the premiums and, if applicable, in determining the insurability of the applicant; and

(f) a general description of the trend of premium increases or decreases for comparable policies issued by the insurer during

the preceding 5 years, if the trend data is available.

(3) If applicable, the outline of coverage must disclose that the policy does not contain coverage for mental illness or chemical dependency.

(4) The outline of coverage may include any other information that the insurer considers relevant to the applicant's selection of an appropriate group disability policy.

(5) An insurer or producer shall provide to an individual, upon request, an outline of coverage for any health benefit product marketed to the general public. The outline of coverage provided under this subsection may exclude the statement of the estimated periodic premium to be paid by the insured.

NEW SECTION. Section 7. Disclosure standards -- health maintenance organizations. (1) In order to provide for full and fair disclosure in the sale of disability insurance, an enrollment form or evidence of coverage may not be delivered or issued for delivery in this state by a health maintenance organization unless an outline of coverage is delivered to the applicant at the time the application is made. The outline of coverage must be filed with the commissioner as required by 33-1-501.

(2) The outline of coverage must include:

(a) a general description of the principal benefits and coverages provided by the policy;

(b) a general description of the insured's financial responsibility under the policy, including, if applicable, the amount of the deductible, the amount or percentage of copayment, and the maximum annual out-of-pocket expenses to be paid by the insured;

(c) a statement of the maximum lifetime benefit available under the policy;

(d) a statement of the estimated periodic premium to be paid by the insured;

(e) a general description of the factors or case characteristics that the insurer may consider in establishing or changing the premiums and, if applicable, in determining the insurability of the applicant; and

(f) a general description of the trend of premium increases or decreases for comparable policies issued by the insurer during the preceding 5 years, if the trend data is available.

(3) The outline of coverage may include any other information that the insurer considers relevant to the applicant's selection of an appropriate health benefit plan.

(4) An insurer or producer shall provide to an individual, upon request, an outline of coverage for any health benefit product marketed to the general public. The outline of coverage

provided under this subsection may exclude the statement of the estimated periodic premium to be paid by the insured.

NEW SECTION. Section 8. Uniform health benefit plan -- individual. (1) Each insurer or health service corporation delivering or issuing for a delivery in this state an individual disability insurance policy, certificate, or contract shall make available a uniform health benefit plan providing the benefits and services required in subsection (2).

(2) The uniform health benefit plan must:

- (a) provide coverage for the services and articles required by 33-22-1521(2);
- (b) pay 50% of the covered expenses in excess of an annual deductible that may not exceed \$1,000 per person or \$2,000 per family;
- (c) include a limitation of \$5,000 per person or \$7,500 per family on the total annual out-of-pocket expenses for services covered; and
- (d) be subject to a maximum lifetime benefit of \$1 million.

NEW SECTION. Section 9. Uniform health benefit plan -- group. (1) Each insurer or health service corporation delivering or issuing for a delivery in this state a group disability insurance policy, certificate, or contract shall make available a uniform health benefit plan providing the benefits and services required in subsection (2).

(2) The uniform health benefit plan must:

- (a) provide coverage for the services and articles required by 33-22-1521(2);
- (b) pay 50% of the covered expenses in excess of an annual deductible that may not exceed \$1,000 per person or \$2,000 per family;
- (c) include a limitation of \$5,000 per person or \$7,500 per family on the total annual out-of-pocket expenses for services covered; and
- (d) be subject to a maximum lifetime benefit of \$1 million.

NEW SECTION. Section 10. Uniform health benefit plan -- health maintenance organization. Each health maintenance organization delivering or issuing for a delivery in this state an enrollment form or evidence of coverage shall make available a uniform health benefit plan [providing benefit equivalency and benefit value, as defined in section 1 of House Bill No. 466] comparable to the uniform health benefit plan required in [section 8(2)].

Section 11. Section 33-22-508, MCA, is amended to read:
"33-22-508. Conversion on termination of eligibility. (1) A

group disability insurance policy issued or renewed after October 1, 1981, must contain a provision that if the insurance or any portion of it on a person, his a person's dependents, or family members covered under the policy ceases because of termination of his the person's employment or of his the person's membership in the class or classes eligible for coverage under the policy or as a result of his a person's employer discontinuing his the employer's business or as a result of his a person's employer discontinuing the group disability insurance policy and not providing for any other group disability insurance or plan and if the person had been insured for a period of 3 months and he the person is not insured under another major medical disability insurance policy or plan, he the person is entitled to have issued to him the person by the insurer, without evidence of insurability, group coverage or an individual policy issued by the insurer or, in the absence of an individual policy issued by the insurer, a group policy issued by the insurer, of hospital or medical service insurance on himself the person, his or the person's dependents, or family members if application for the individual policy is made and the first premium tendered to the insurer within 31 days after the termination of group coverage.

(2) The individual policy or group policy, at the option of the insured, may be on any form then customarily issued by the insurer to individual or group policyholders, with the exception of a policy the eligibility for which is determined by affiliation other than by employment with a common entity. In addition, the insurer shall make available a conversion policy as required by subsection (4).

(3) The premium on the individual policy or group policy must be at the insurer's then customary conversion rate applicable to the coverage of the individual or group policy.

(4) The insurer shall make available an individual conversion policy that provides the level of benefits provided by the insurer's lowest cost basic health benefit plan, as defined in 33-22-1803. If the insurer is not a small employer carrier under part 18, the insurer shall make available an individual conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion rate may not exceed 150% of the highest rate charged for that plan."

Section 12. Section 33-30-1007, MCA, is amended to read:
"33-30-1007. Conversion on termination of eligibility. (1) The group hospital or medical service plan contract issued or renewed by a health service corporation after October 1, 1981, shall contain a provision that if the insurance or any portion of it on a person, his or a person's dependents, or family members covered under the policy ceases because of termination of his the person's employment or of his a person's membership in the class

or classes eligible for coverage under the policy, as a result of an employer discontinuing ~~his~~ the employer's business, or as a result of an employer discontinuing the policy issued by the health service corporation and not providing for any other group disability insurance or plan, ~~such~~ a person shall, provided ~~he~~ that the person has been insured for a period of 3 months and that he the person is not insured under another major medical disability insurance policy or plan, be entitled to have issued to ~~him~~ the person by the insurer, without evidence of insurability, an individual policy of hospital or medical service insurance on ~~himself~~ the person, ~~his~~ or the person's dependents, or family members, ~~provided application.~~ Application for the individual policy ~~shall~~ must be made and the first premium tendered to the insurer within 31 days after the termination of group coverage.

(2) The individual policy shall, at the option of the insured, be on any of the forms then customarily issued by the insurer to individual policyholders with the exception of those whose eligibility is determined by their affiliation other than by employment with a particular entity. In addition, the health services corporation shall make available a conversion policy as required by subsection (4).

(3) The premium on the individual policy ~~shall~~ must be at the insurer's then customary rate applicable to the coverage of the individual policy but may not be greater than 150% of the insurer's highest group rate for a policy with the same benefits as the conversion policy.

(4) The health service corporation shall make available an individual conversion policy that provides the level of benefits provided by its lowest cost basic health benefit plan, as defined in 33-22-1803. If the insurer is not a small employer carrier under chapter 22, part 18, the insurer shall make available an individual conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion rate may not exceed 150% of the highest rate charged for that plan."

NEW SECTION. Section 13. Coordination instruction. If House Bill No. 466 is passed and approved, then the bracketed language in [section 10], referring to benefit equivalency and benefit value, must be codified."

Renumber: subsequent sections

18. Page 3, lines 29 and 30.

Strike: "1"

Insert: "2"

19. Page 4, line 1.

Insert: "(3) [Sections 5 and 8] are intended to be codified as an integral part of Title 33, chapter 22, part 2, and the provisions of Title 33, chapter 22, part 2, apply to [sections 5 and 8].

(4) [Sections 6 and 9] are intended to be codified as an integral part of Title 33, chapter 22, part 5, and the provisions of Title 33, chapter 22, part 5, apply to [sections 6 and 9].

(5) [Sections 7 and 10] are intended to be codified as an integral part of Title 33, chapter 31, part 3, and the provisions of Title 33, chapter 31, part 3, apply to [sections 7 and 10]."

-END-

HOUSE BILL NO. 533

INTRODUCED BY ARNOTT, BARNETT, MILLS, MCKEE, GRINDE, WELLS, BRAINARD, KEENAN,
DEVANEY, WISEMAN, KNOX, GREEN, CURTISS, DENNY, T. NELSON, HIBBARD, FORBES, OHS,
SLITER, ORR, MURDOCK, STOVALL, ZOOK, HAYNE, L. SMITH, DEBRUYCKER, GRADY, TASH,
SOMERVILLE, AHNER, SOFT, HERRON, SIMON, ROSE, FELAND, CLARK, TAYLOR, MERCER,
SIMPKINS, BOHLINGER, MCGEE

8 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO HEALTH BENEFIT PLANS; PROVIDING FOR THE
9 PORTABILITY OF HEALTH BENEFIT PLANS BY REQUIRING INSURERS TO WAIVE CERTAIN TIME PERIODS
10 APPLICABLE TO PREEXISTING CONDITIONS; REQUIRING CERTAIN INCREASES IN PLAN CHARGES TO
11 BE DISTRIBUTED PROPORTIONATELY AMONG ALL PLANS OF AN INSURER; REQUIRING DISCLOSURE
12 OF CERTAIN POLICY FEATURES AT OR BEFORE THE TIME OF APPLICATION; CREATING A LOW-COST
13 UNIFORM HEALTH BENEFIT PLAN; CAPPING PREMIUM RATES ON CERTAIN CONVERSION POLICIES; AND
14 AMENDING SECTION SECTIONS 33-22-101, 33-22-508, AND 33-30-1007, MCA; AND PROVIDING A
15 DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

19 **NEW SECTION.** **Section 1. Definitions.** As used in [section 2], unless the context indicates
20 otherwise, the following definitions apply:

21 (1) "BLOCK OF BUSINESS" MEANS AN INDIVIDUAL DISABILITY INSURANCE POLICY CERTIFICATE
22 OR CONTRACT PRODUCT TYPE FILED AND APPROVED BY THE COMMISSIONER PURSUANT TO
23 33-1-501 AND WRITTEN AND SOLD BY A HEALTH CARE INSURER TO A DEFINED SET OF INDIVIDUALS.
24 ALL INDIVIDUALS COVERED BY THE TYPE OF POLICY OR CONTRACT ARE CONSIDERED TO BE WITHIN
25 THE BLOCK OF BUSINESS.

26 (1)(2) "Health care insurer" means a ~~health care insurer as defined in 33-22-126~~ DISABILITY
27 INSURER, A HEALTH SERVICE CORPORATION, OR A HEALTH MAINTENANCE ORGANIZATION, OR A
28 FRATERNAL BENEFIT SOCIETY.

{2}(3) (a) "Individual health benefit plan" means any hospital or medical expense policy or certificate, subscriber contract, or contract of insurance provided by a prepaid hospital or medical service

1 plan or health maintenance organization subscriber contract and issued or delivered for issue FOR DELIVERY
2 to an individual or provided by any discretionary group trust policy providing hospital or medical expense
3 coverage to individuals.

4 (b) Individual health benefit plan does not include a self insured SELF-FUNDED group health plan;
5 a self insured SELF-FUNDED multiemployer group health plan; a group conversion plan; an insured group
6 health plan; accident only, specified disease, short-term hospital or medical, hospital confinement indemnity,
7 credit, dental, vision, medicare supplement, long-term care, or disability income insurance; coverage issued
8 as a supplement to liability insurance; workers' compensation or similar insurance; or automobile medical
9 payment insurance.

10 (3)(4) "Qualifying previous coverage" means benefits or coverage provided under:

11 (a) medicare or medicaid;

12 (b) group health insurance or a health benefit plan that provides benefits similar to or exceeding
13 benefits provided under the standard health benefit plan referred to in 33-22-1811 and 33-22-1812 PLAN
14 BEING APPLIED FOR if the insurance or plan has been in effect for a period of at least 1 year; or

15 (c) an individual health benefit plan, including coverage issued by a health maintenance
16 organization, a prepaid hospital or medical care plan, or a fraternal benefit society, THAT PROVIDES
17 BENEFITS SIMILAR TO OR EXCEEDING THE PLAN BEING APPLIED FOR if the plan has been in effect for
18 a period of at least 1 year.

19

20 NEW SECTION. Section 2. Portability of insurance required WAIVER OF PREEXISTING CONDITION
21 EXCLUSION. A health care insurer shall waive any time period applicable to a preexisting condition
22 exclusion or limitation period with respect to particular services in an individual health benefit plan for the
23 period of time that an individual was previously covered by qualifying previous coverage that provided bene-
24 fits with respect to those services, if the qualifying previous coverage was continuous to a date not more
25 than 30 days prior to the effective date of APPLICATION FOR new coverage.

26

27 NEW SECTION. Section 3. Premium increases to be distributed proportionately. (1) A health care
28 insurer may increase the health benefit plan charges for a group or AN individual policy, certificate, or
29 contract previously issued by that insurer because of a change in the attained age of the insured. Increases
30 in premium, certificate, or contract charges for INDIVIDUAL policies, certificates, or contracts previously

1 issued by that insurer, based on factors other than attained age, must be distributed proportionately by
2 ~~premium amount to all the policy, certificate, and contract holders of that insurer in the state ACROSS THE~~
3 BLOCK OF BUSINESS AS DEFINED IN [SECTION 1].

4 (2) As used in this section, the following definitions apply:

5 (a) (i) "Health benefit plan" means a hospital or medical policy or certificate providing for physical
6 and mental health care issued by an insurance company, a fraternal benefit society, or a health service
7 corporation or issued under a health maintenance organization subscriber contract.

8 (ii) Health benefit plan does not include:

9 (A) accident only, credit, dental, vision, specified disease, medicare supplement, long-term care,
10 or disability income insurance;

11 (B) coverage issued as a supplement to liability insurance, workers' compensation insurance, or
12 similar insurance; or

13 (C) automobile medical payment insurance.

14 (b) "Health care insurer" or "insurer" means a ~~health care insurer as defined in 33-22-125,~~
15 DISABILITY INSURER, A HEALTH SERVICE CORPORATION, A HEALTH MAINTENANCE ORGANIZATION,
16 OR A FRATERNAL BENEFIT SOCIETY.

17 (3) THE PROVISIONS OF TITLE 33, CHAPTER 1, PARTS 3 AND 7, APPLY TO THIS SECTION.

18

19 Section 4. Section 33-22-101, MCA, is amended to read:

20 "33-22-101. **Exceptions to scope.** Parts 1 through 4 of this chapter, except 33-22-107,
21 33-22-110, 33-22-111, 33-22-114, [section 3], 33-22-125, 33-22-130 through 33-22-132, and
22 33-22-304, do not apply to or affect:

23 (1) any policy of liability or workers' compensation insurance with or without supplementary
24 expense coverage;

25 (2) any group or blanket policy;

26 (3) life insurance, endowment, or annuity contracts or supplemental contracts that contain only
27 those provisions relating to disability insurance as:

28 (a) provide additional benefits in case of death or dismemberment or loss of sight by accident or
29 accidental means; or

30 (b) operate to safeguard contracts against lapse or to give a special surrender value or special

1 benefit or an annuity in the event that the insured or annuitant becomes totally and permanently disabled,
2 as defined by the contract or supplemental contract;

3 (4) reinsurance."

4

5 **NEW SECTION. SECTION 5. DISCLOSURE STANDARDS -- INDIVIDUAL POLICY. (1) IN ORDER**
6 **TO PROVIDE FOR FULL AND FAIR DISCLOSURE IN THE SALE OF DISABILITY INSURANCE, AN**
7 **INDIVIDUAL DISABILITY INSURANCE POLICY MAY NOT BE DELIVERED OR ISSUED FOR DELIVERY IN**
8 **THIS STATE UNLESS AN OUTLINE OF COVERAGE IS DELIVERED TO THE APPLICANT AT THE TIME THE**
9 **APPLICATION IS MADE.**

10 (2) THE OUTLINE OF COVERAGE MUST INCLUDE:

11 (A) A GENERAL DESCRIPTION OF THE PRINCIPAL BENEFITS AND COVERAGES PROVIDED BY
12 THE POLICY;

13 (B) A GENERAL DESCRIPTION OF THE INSURED'S FINANCIAL RESPONSIBILITY UNDER THE
14 POLICY, INCLUDING, IF APPLICABLE, THE AMOUNT OF THE DEDUCTIBLE, THE AMOUNT OR
15 PERCENTAGE OF COPAYMENT, AND THE MAXIMUM ANNUAL OUT-OF-POCKET EXPENSES TO BE PAID
16 BY THE INSURED;

17 (C) A STATEMENT OF THE MAXIMUM LIFETIME BENEFIT AVAILABLE UNDER THE POLICY;

18 (D) A STATEMENT OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED;

19 (E) A GENERAL DESCRIPTION OF THE FACTORS OR CASE CHARACTERISTICS THAT THE
20 INSURER MAY CONSIDER IN ESTABLISHING OR CHANGING THE PREMIUMS AND, IF APPLICABLE, IN
21 DETERMINING THE INSURABILITY OF THE APPLICANT; AND

22 (F) A GENERAL DESCRIPTION OF THE TREND OF PREMIUM INCREASES OR DECREASES FOR
23 COMPARABLE POLICIES ISSUED BY THE INSURER DURING THE PRECEDING 5 YEARS, IF THE TREND
24 DATA IS AVAILABLE.

25 (3) THE OUTLINE OF COVERAGE MAY INCLUDE ANY OTHER INFORMATION THAT THE INSURER
26 CONSIDERS RELEVANT TO THE APPLICANT'S SELECTION OF AN APPROPRIATE INDIVIDUAL DISABILITY
27 POLICY.

28 (4) AN INSURER OR PRODUCER SHALL PROVIDE TO AN INDIVIDUAL, UPON REQUEST, AN
29 OUTLINE OF COVERAGE FOR ANY HEALTH BENEFIT PRODUCT MARKETED TO THE GENERAL PUBLIC.
30 THE OUTLINE OF COVERAGE PROVIDED UNDER THIS SUBSECTION MAY EXCLUDE THE STATEMENT

1 OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED.

2

3 NEW SECTION. SECTION 6. DISCLOSURE STANDARDS -- GROUP POLICY. (1) IN ORDER TO
4 PROVIDE FOR FULL AND FAIR DISCLOSURE IN THE SALE OF DISABILITY INSURANCE, A GROUP
5 DISABILITY INSURANCE POLICY MAY NOT BE DELIVERED OR ISSUED FOR DELIVERY IN THIS STATE
6 UNLESS AN OUTLINE OF COVERAGE IS DELIVERED TO THE APPLICANT AT THE TIME THE APPLICATION
7 IS MADE.

8 (2) THE OUTLINE OF COVERAGE MUST INCLUDE:

9 (A) A GENERAL DESCRIPTION OF THE PRINCIPAL BENEFITS AND COVERAGES PROVIDED BY
10 THE POLICY;

11 (B) A GENERAL DESCRIPTION OF THE INSURED'S FINANCIAL RESPONSIBILITY UNDER THE
12 POLICY, INCLUDING, IF APPLICABLE, THE AMOUNT OF THE DEDUCTIBLE, THE AMOUNT OR
13 PERCENTAGE OF COPAYMENT, AND THE MAXIMUM ANNUAL OUT-OF-POCKET EXPENSES TO BE PAID
14 BY THE INSURED;

15 (C) A STATEMENT OF THE MAXIMUM LIFETIME BENEFIT AVAILABLE UNDER THE POLICY;

16 (D) A STATEMENT OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED;

17 (E) A GENERAL DESCRIPTION OF THE FACTORS OR CASE CHARACTERISTICS THAT THE
18 INSURER MAY CONSIDER IN ESTABLISHING OR CHANGING THE PREMIUMS AND, IF APPLICABLE, IN
19 DETERMINING THE INSURABILITY OF THE APPLICANT; AND

20 (F) A GENERAL DESCRIPTION OF THE TREND OF PREMIUM INCREASES OR DECREASES FOR
21 COMPARABLE POLICIES ISSUED BY THE INSURER DURING THE PRECEDING 5 YEARS, IF THE TREND
22 DATA IS AVAILABLE.

23 (3) IF APPLICABLE, THE OUTLINE OF COVERAGE MUST DISCLOSE THAT THE POLICY DOES NOT
24 CONTAIN COVERAGE FOR MENTAL ILLNESS OR CHEMICAL DEPENDENCY.

25 (4) THE OUTLINE OF COVERAGE MAY INCLUDE ANY OTHER INFORMATION THAT THE INSURER
26 CONSIDERS RELEVANT TO THE APPLICANT'S SELECTION OF AN APPROPRIATE GROUP DISABILITY
27 POLICY.

28 (5) AN INSURER OR PRODUCER SHALL PROVIDE TO AN INDIVIDUAL, UPON REQUEST, AN
29 OUTLINE OF COVERAGE FOR ANY HEALTH BENEFIT PRODUCT MARKETED TO THE GENERAL PUBLIC.
30 THE OUTLINE OF COVERAGE PROVIDED UNDER THIS SUBSECTION MAY EXCLUDE THE STATEMENT

1 OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED.

2

3 NEW SECTION. SECTION 7. DISCLOSURE STANDARDS -- HEALTH MAINTENANCE

4 ORGANIZATIONS. (1) IN ORDER TO PROVIDE FOR FULL AND FAIR DISCLOSURE IN THE SALE OF

5 DISABILITY INSURANCE, AN ENROLLMENT FORM OR EVIDENCE OF COVERAGE MAY NOT BE DELIVERED

6 OR ISSUED FOR DELIVERY IN THIS STATE BY A HEALTH MAINTENANCE ORGANIZATION UNLESS AN

7 OUTLINE OF COVERAGE IS DELIVERED TO THE APPLICANT AT THE TIME THE APPLICATION IS MADE.

8 THE OUTLINE OF COVERAGE MUST BE FILED WITH THE COMMISSIONER AS REQUIRED BY 33-1-501.

9 (2) THE OUTLINE OF COVERAGE MUST INCLUDE:

10 (A) A GENERAL DESCRIPTION OF THE PRINCIPAL BENEFITS AND COVERAGES PROVIDED BY

11 THE POLICY;

12 (B) A GENERAL DESCRIPTION OF THE INSURED'S FINANCIAL RESPONSIBILITY UNDER THE

13 POLICY, INCLUDING, IF APPLICABLE, THE AMOUNT OF THE DEDUCTIBLE, THE AMOUNT OR

14 PERCENTAGE OF COPAYMENT, AND THE MAXIMUM ANNUAL OUT-OF-POCKET EXPENSES TO BE PAID

15 BY THE INSURED;

16 (C) A STATEMENT OF THE MAXIMUM LIFETIME BENEFIT AVAILABLE UNDER THE POLICY;

17 (D) A STATEMENT OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED;

18 (E) A GENERAL DESCRIPTION OF THE FACTORS OR CASE CHARACTERISTICS THAT THE

19 INSURER MAY CONSIDER IN ESTABLISHING OR CHANGING THE PREMIUMS AND, IF APPLICABLE, IN

20 DETERMINING THE INSURABILITY OF THE APPLICANT; AND

21 (F) A GENERAL DESCRIPTION OF THE TREND OF PREMIUM INCREASES OR DECREASES FOR

22 COMPARABLE POLICIES ISSUED BY THE INSURER DURING THE PRECEDING 5 YEARS, IF THE TREND

23 DATA IS AVAILABLE.

24 (3) THE OUTLINE OF COVERAGE MAY INCLUDE ANY OTHER INFORMATION THAT THE INSURER

25 CONSIDERS RELEVANT TO THE APPLICANT'S SELECTION OF AN APPROPRIATE HEALTH BENEFIT PLAN.

26 (4) AN INSURER OR PRODUCER SHALL PROVIDE TO AN INDIVIDUAL, UPON REQUEST, AN

27 OUTLINE OF COVERAGE FOR ANY HEALTH BENEFIT PRODUCT MARKETED TO THE GENERAL PUBLIC.

28 THE OUTLINE OF COVERAGE PROVIDED UNDER THIS SUBSECTION MAY EXCLUDE THE STATEMENT

29 OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED.

30

1 NEW SECTION. SECTION 8. UNIFORM HEALTH BENEFIT PLAN -- INDIVIDUAL. (1) EACH
2 INSURER OR HEALTH SERVICE CORPORATION DELIVERING OR ISSUING FOR A DELIVERY IN THIS STATE
3 AN INDIVIDUAL DISABILITY INSURANCE POLICY, CERTIFICATE, OR CONTRACT A HEALTH BENEFIT
4 PLAN, AS DEFINED IN [SECTION 3], TO AN INDIVIDUAL SHALL MAKE AVAILABLE A UNIFORM HEALTH
5 BENEFIT PLAN PROVIDING THE BENEFITS AND SERVICES REQUIRED IN SUBSECTION (2).

6 (2) THE UNIFORM HEALTH BENEFIT PLAN MUST:

7 (A) PROVIDE COVERAGE FOR THE SERVICES AND ARTICLES REQUIRED BY 33-22-1521(2);

8 (B) PAY 50% OF THE COVERED EXPENSES IN EXCESS OF AN ANNUAL DEDUCTIBLE THAT MAY

9 NOT EXCEED \$1,000 PER PERSON OR \$2,000 PER FAMILY;

10 (C) INCLUDE A LIMITATION OF \$5,000 PER PERSON OR \$7,500 PER FAMILY ON THE TOTAL

11 ANNUAL OUT-OF-POCKET EXPENSES FOR SERVICES COVERED; AND

12 (D) BE SUBJECT TO A MAXIMUM LIFETIME BENEFIT OF \$1 MILLION.

13
14 NEW SECTION. SECTION 9. UNIFORM HEALTH BENEFIT PLAN -- GROUP. (1) EACH INSURER
15 OR HEALTH SERVICE CORPORATION DELIVERING OR ISSUING FOR A DELIVERY IN THIS STATE A
16 GROUP DISABILITY INSURANCE POLICY, CERTIFICATE, OR CONTRACT HEALTH BENEFIT PLAN, AS
17 DEFINED IN [SECTION 3], TO A GROUP SHALL MAKE AVAILABLE A UNIFORM HEALTH BENEFIT PLAN
18 PROVIDING THE BENEFITS AND SERVICES REQUIRED IN SUBSECTION (2).

19 (2) THE UNIFORM HEALTH BENEFIT PLAN MUST:

20 (A) PROVIDE COVERAGE FOR THE SERVICES AND ARTICLES REQUIRED BY 33-22-1521(2);

21 (B) PAY 50% OF THE COVERED EXPENSES IN EXCESS OF AN ANNUAL DEDUCTIBLE THAT MAY

22 NOT EXCEED \$1,000 PER PERSON OR \$2,000 PER FAMILY;

23 (C) INCLUDE A LIMITATION OF \$5,000 PER PERSON OR \$7,500 PER FAMILY ON THE TOTAL

24 ANNUAL OUT-OF-POCKET EXPENSES FOR SERVICES COVERED; AND

25 (D) BE SUBJECT TO A MAXIMUM LIFETIME BENEFIT OF \$1 MILLION.

26
27 NEW SECTION. SECTION 10. UNIFORM HEALTH BENEFIT PLAN -- HEALTH MAINTENANCE
28 ORGANIZATION. EACH HEALTH MAINTENANCE ORGANIZATION DELIVERING OR ISSUING FOR A
29 DELIVERY IN THIS STATE AN ENROLLMENT FORM OR EVIDENCE OF COVERAGE SHALL MAKE
30 AVAILABLE A UNIFORM HEALTH BENEFIT PLAN [PROVIDING BENEFIT EQUIVALENCY AND BENEFIT

1 VALUE, AS DEFINED IN SECTION 1 OF HOUSE BILL NO. 466] COMPARABLE TO THE UNIFORM HEALTH
2 BENEFIT PLAN REQUIRED IN [SECTION 8(2)].

3

4 **SECTION 11. SECTION 33-22-508, MCA, IS AMENDED TO READ:**

5 "33-22-508. **Conversion on termination of eligibility.** (1) A group disability insurance policy issued
6 or renewed after October 1, 1981, must contain a provision that if the insurance or any portion of it on a
7 person, ~~his a person's~~ dependents, or family members covered under the policy ceases because of
8 termination of ~~his the person's~~ employment or of ~~his the person's~~ membership in the class or classes eligible
9 for coverage under the policy or as a result of ~~his a person's~~ employer discontinuing ~~his the employer's~~
10 business or as a result of ~~his a person's~~ employer discontinuing the group disability insurance policy and
11 not providing for any other group disability insurance or plan and if the person had been insured for a period
12 of 3 months and ~~he the person~~ is not insured under another major medical disability insurance policy or
13 plan, ~~he the person~~ is entitled to have issued to ~~him the person~~ by the insurer, without evidence of
14 insurability, group coverage or an individual policy issued by the insurer or, in the absence of an individual
15 policy issued by the insurer, a group policy issued by the insurer, of hospital or medical service insurance
16 on ~~himself the person, his or the person's~~ dependents, or family members if application for the individual
17 policy is made and the first premium tendered to the insurer within 31 days after the termination of group
18 coverage.

19 (2) The individual policy or group policy, at the option of the insured, may be on any form then
20 customarily issued by the insurer to individual or group policyholders, with the exception of a policy the
21 eligibility for which is determined by affiliation other than by employment with a common entity. In
22 addition, the insurer shall make available a conversion policy as required by subsection (4).

23 (3) The premium on the individual policy or group policy must be at the insurer's then customary
24 conversion rate applicable to the coverage of the individual or group policy.

25 (4) The insurer shall make available an individual conversion policy that provides the level of
26 benefits provided by the insurer's lowest cost basic health benefit plan, as defined in 33-22-1803. If the
27 insurer is not a small employer carrier under part 18, the insurer shall make available an individual
28 conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion rate may
29 not exceed 150% of the highest rate charged for that plan."

30

1 SECTION 12. SECTION 33-30-1007, MCA, IS AMENDED TO READ:

2 "33-30-1007. Conversion on termination of eligibility. (1) The group hospital or medical service
3 plan contract issued or renewed by a health service corporation after October 1, 1981, shall contain a
4 provision that if the insurance or any portion of it on a person, his or a person's dependents, or family
5 members covered under the policy ceases because of termination of his the person's employment or of his
6 a person's membership in the class or classes eligible for coverage under the policy, as a result of an
7 employer discontinuing his the employer's business, or as a result of an employer discontinuing the policy
8 issued by the health service corporation and not providing for any other group disability insurance or plan,
9 such a person shall, provided he that the person has been insured for a period of 3 months and that he the
10 person is not insured under another major medical disability insurance policy or plan, be entitled to have
11 issued to him the person by the insurer, without evidence of insurability, an individual policy of hospital or
12 medical service insurance on himself the person, his or the person's dependents, or family members,
13 provided application. Application for the individual policy shall must be made and the first premium
14 tendered to the insurer within 31 days after the termination of group coverage.

15 (2) The individual policy shall, at the option of the insured, be on any of the forms then customarily
16 issued by the insurer to individual policyholders with the exception of those whose eligibility is determined
17 by their affiliation other than by employment with a particular entity. In addition, the health services
18 corporation shall make available a conversion policy as required by subsection (4).

19 (3) The premium on the individual policy shall must be at the insurer's then customary conversion
20 rate applicable to the coverage of the individual policy but may not be greater than 150% of the insurer's
21 highest group rate for a policy with the same benefits as the conversion policy.

22 (4) The health service corporation shall make available an individual conversion policy that provides
23 the level of benefits provided by its lowest cost basic health benefit plan, as defined in 33-22-1803. If the
24 insurer is not a small employer carrier under chapter 22, part 18, the insurer shall make available an
25 individual conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion
26 rate may not exceed 150% of the highest rate charged for that plan."

27
28 NEW SECTION. SECTION 13. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 466 IS
29 PASSED AND APPROVED, THEN THE BRACKETED LANGUAGE IN [SECTION 10], REFERRING TO BENEFIT
30 EQUIVALENCY AND BENEFIT VALUE, MUST BE CODIFIED.

NEW SECTION. **Section 14. Codification instruction.** (1) [Sections 1 and 2] are intended to be codified as an integral part of Title 33, chapter 22, and the provisions of Title 33, chapter 22, apply to [sections 1 and 2].

(2) [Section 3] is intended to be codified as an integral part of Title 33, chapter 22, part 4 2, and the provisions of Title 33, chapter 22, part 4 2, apply to [section 3].

(3) [SECTIONS 5 AND 8] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 33, CHAPTER 22, PART 2, AND THE PROVISIONS OF TITLE 33, CHAPTER 22, PART 2, APPLY TO [SECTIONS 5 AND 8].

(4) [SECTIONS 6 AND 9] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 33, CHAPTER 22, PART 5, AND THE PROVISIONS OF TITLE 33, CHAPTER 22, PART 5, APPLY TO [SECTIONS 6 AND 9].

(5) [SECTIONS 7 AND 10] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 33, CHAPTER 31, PART 3, AND THE PROVISIONS OF TITLE 33, CHAPTER 31, PART 3, APPLY TO [SECTIONS 7 AND 10].

NEW SECTION. SECTION 15. APPLICABILITY. [THIS ACT] APPLIES TO A POLICY, CERTIFICATE, OR CONTRACT OF DISABILITY INSURANCE AND A HEALTH SERVICE MEMBERSHIP CONTRACT ENTERED INTO OR RENEWED ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT].

NEW SECTION. SECTION 16. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JANUARY 1, 1996.

-END-



SENATE COMMITTEE OF THE WHOLE AMENDMENT

March 20, 1995 10:48 am

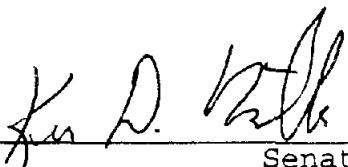
Mr. Chairman: I move to amend HB 533 (third reading copy -- blue).

ADOPT

U.V.

REJECT

Signed:



Senator Miller

That such amendments read:

Amend the Joint Select Committee on Health Care committee report dated March 17, 1995, as follows:

1. Amendment #17, Section 8(1).

Strike: "an individual disability insurance policy, certificate, or contract"

Insert: "a health benefit plan, as defined in [section 3], to an individual"

2. Amendment #17, Section 9(1).

Strike: "group disability insurance policy, certificate, or contract"

Insert: "health benefit plan, as defined in [section 3], to a group"

-END-



Amd. Coord.

HB 533

SENATE

GOVERNOR'S AMENDMENTS TO
HOUSE BILL NO. 533
(REFERENCE COPY)
April 12, 1995

1. Page 8, line 23.

Following: "at"

Insert: "no more than 200% of"

2. Page 8, line 24.

Strike: "conversion"

Following: "policy."

Insert: "The customary rate is that rate that is normally issued for medically underwritten policies without discount for healthy lifestyles."

3. Page 9, line 19.

Following: "at"

Insert: "no more than 200% of"

Strike: "conversion"

4. Page lines 20 and 21.

Following: "policy"

Strike: the remainder of line 20 through "conversion policy" on line 21

Following: ".."

Insert: "The customary rate is that rate that is normally issued for medically underwritten policies without discount for healthy lifestyles."

HB 533

1

HOUSE BILL NO. 533

2

INTRODUCED BY ARNOTT, BARNETT, MILLS, MCKEE, GRINDE, WELLS, BRAINARD, KEENAN,
DEVANEY, WISEMAN, KNOX, GREEN, CURTISS, DENNY, T. NELSON, HIBBARD, FORBES, OHS,
SLITER, ORR, MURDOCK, STOVALL, ZOOK, HAYNE, L. SMITH, DEBRUYCKER, GRADY, TASH,
SOMERVILLE, AHNER, SOFT, HERRON, SIMON, ROSE, FELAND, CLARK, TAYLOR, MERCER,
SIMPKINS, BOHLINGER, MCGEE

7

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO HEALTH BENEFIT PLANS; PROVIDING FOR THE
PORTABILITY OF HEALTH BENEFIT PLANS BY REQUIRING INSURERS TO WAIVE CERTAIN TIME PERIODS
APPLICABLE TO PREEXISTING CONDITIONS; REQUIRING CERTAIN INCREASES IN PLAN CHARGES TO
BE DISTRIBUTED PROPORTIONATELY AMONG ALL PLANS OF AN INSURER; REQUIRING DISCLOSURE
OF CERTAIN POLICY FEATURES AT OR BEFORE THE TIME OF APPLICATION; CREATING A LOW-COST
UNIFORM HEALTH BENEFIT PLAN; CAPPING PREMIUM RATES ON CERTAIN CONVERSION POLICIES; AND
AMENDING SECTION SECTIONS 33-22-101, 33-22-508, AND 33-30-1007, MCA; AND PROVIDING A
DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

16

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18

NEW SECTION. **Section 1. Definitions.** As used in [section 2], unless the context indicates
otherwise, the following definitions apply:

(1) "BLOCK OF BUSINESS" MEANS AN INDIVIDUAL DISABILITY INSURANCE POLICY CERTIFICATE
OR CONTRACT PRODUCT TYPE FILED AND APPROVED BY THE COMMISSIONER PURSUANT TO
33-1-501 AND WRITTEN AND SOLD BY A HEALTH CARE INSURER TO A DEFINED SET OF INDIVIDUALS.
ALL INDIVIDUALS COVERED BY THE TYPE OF POLICY OR CONTRACT ARE CONSIDERED TO BE WITHIN
THE BLOCK OF BUSINESS.

(1)(2) "Health care insurer" means a ~~health care insurer as defined in 33-22-125~~ DISABILITY
INSURER, A HEALTH SERVICE CORPORATION, OR A HEALTH MAINTENANCE ORGANIZATION, OR A
FRATERNAL BENEFIT SOCIETY.

(2)(3) (a) "Individual health benefit plan" means any hospital or medical expense policy or
certificate, subscriber contract, or contract of insurance provided by a prepaid hospital or medical service

1 plan or health maintenance organization subscriber contract and issued or delivered for issue FOR DELIVERY
2 to an individual or provided by any discretionary group trust policy providing hospital or medical expense
3 coverage to individuals.

4 (b) Individual health benefit plan does not include a self insured SELF-FUNDED group health plan;
5 a self insured SELF-FUNDED multiemployer group health plan; a group conversion plan; an insured group
6 health plan; accident only, specified disease, short-term hospital or medical, hospital confinement indemnity,
7 credit, dental, vision, medicare supplement, long-term care, or disability income insurance; coverage issued
8 as a supplement to liability insurance; workers' compensation or similar insurance; or automobile medical
9 payment insurance.

10 (3)(4) "Qualifying previous coverage" means benefits or coverage provided under:

11 (a) medicare or medicaid;

12 (b) group health insurance or a health benefit plan that provides benefits similar to or exceeding
13 benefits provided under the ~~standard health benefit plan referred to in 33-22-1811 and 33-22-1812 PLAN~~
14 BEING APPLIED FOR if the insurance or plan has been in effect for a period of at least 1 year; or

15 (c) an individual health benefit plan, including coverage issued by a health maintenance
16 organization, a prepaid hospital or medical care plan, or a fraternal benefit society, THAT PROVIDES
17 BENEFITS SIMILAR TO OR EXCEEDING THE PLAN BEING APPLIED FOR if the plan has been in effect for
18 a period of at least 1 year.

19

20 NEW SECTION. Section 2. Portability of insurance required WAIVER OF PREEXISTING CONDITION

21 EXCLUSION. A health care insurer shall waive any time period applicable to a preexisting condition
22 exclusion or limitation period with respect to particular services in an individual health benefit plan for the
23 period of time that an individual was previously covered by qualifying previous coverage that provided bene-
24 fits with respect to those services, if the qualifying previous coverage was continuous to a date not more
25 than 30 days prior to the effective date of APPLICATION FOR new coverage.

26

27 NEW SECTION. Section 3. Premium increases to be distributed proportionately. (1) A health care
28 insurer may increase the health benefit plan charges for a group or AN individual policy, certificate, or
29 contract previously issued by that insurer because of a change in the attained age of the insured. Increases
30 in premium, certificate, or contract charges for INDIVIDUAL policies, certificates, or contracts previously

1 issued by that insurer, based on factors other than attained age, must be distributed proportionately by
2 premium amount to all the policy, certificate, and contract holders of that insurer in the state ACROSS THE
3 BLOCK OF BUSINESS AS DEFINED IN [SECTION 1].

4 (2) As used in this section, the following definitions apply:

5 (a) (i) "Health benefit plan" means a hospital or medical policy or certificate providing for physical
6 and mental health care issued by an insurance company, a fraternal benefit society, or a health service
7 corporation or issued under a health maintenance organization subscriber contract.

8 (ii) Health benefit plan does not include:

9 (A) accident only, credit, dental, vision, specified disease, medicare supplement, long-term care,
10 or disability income insurance;

11 (B) coverage issued as a supplement to liability insurance, workers' compensation insurance, or
12 similar insurance; or

13 (C) automobile medical payment insurance.

14 (b) "Health care insurer" or "insurer" means a ~~health care insurer as defined in 33-22-125.~~

15 DISABILITY INSURER, A HEALTH SERVICE CORPORATION, A HEALTH MAINTENANCE ORGANIZATION,
16 OR A FRATERNAL BENEFIT SOCIETY.

17 (3) THE PROVISIONS OF TITLE 33, CHAPTER 1, PARTS 3 AND 7, APPLY TO THIS SECTION.

18
19 Section 4. Section 33-22-101, MCA, is amended to read:
20
21 "33-22-101. Exceptions to scope. Parts 1 through 4 of this chapter, except 33-22-107,
22 33-22-110, 33-22-111, 33-22-114, [section 3], 33-22-125, 33-22-130 through 33-22-132, and
23 33-22-304, do not apply to or affect:

24 (1) any policy of liability or workers' compensation insurance with or without supplementary
25 expense coverage;

26 (2) any group or blanket policy;

27 (3) life insurance, endowment, or annuity contracts or supplemental contracts that contain only
28 those provisions relating to disability insurance as:

29 (a) provide additional benefits in case of death or dismemberment or loss of sight by accident or
30 accidental means; or

30 (b) operate to safeguard contracts against lapse or to give a special surrender value or special

1 benefit or an annuity in the event that the insured or annuitant becomes totally and permanently disabled,
2 as defined by the contract or supplemental contract;
3 (4) reinsurance."

4

5 NEW SECTION. SECTION 5. DISCLOSURE STANDARDS -- INDIVIDUAL POLICY. (1) IN ORDER
6 TO PROVIDE FOR FULL AND FAIR DISCLOSURE IN THE SALE OF DISABILITY INSURANCE, AN
7 INDIVIDUAL DISABILITY INSURANCE POLICY MAY NOT BE DELIVERED OR ISSUED FOR DELIVERY IN
8 THIS STATE UNLESS AN OUTLINE OF COVERAGE IS DELIVERED TO THE APPLICANT AT THE TIME THE
9 APPLICATION IS MADE.

10 (2) THE OUTLINE OF COVERAGE MUST INCLUDE:

11 (A) A GENERAL DESCRIPTION OF THE PRINCIPAL BENEFITS AND COVERAGES PROVIDED BY
12 THE POLICY;

13 (B) A GENERAL DESCRIPTION OF THE INSURED'S FINANCIAL RESPONSIBILITY UNDER THE
14 POLICY, INCLUDING, IF APPLICABLE, THE AMOUNT OF THE DEDUCTIBLE, THE AMOUNT OR
15 PERCENTAGE OF COPAYMENT, AND THE MAXIMUM ANNUAL OUT-OF-POCKET EXPENSES TO BE PAID
16 BY THE INSURED;

17 (C) A STATEMENT OF THE MAXIMUM LIFETIME BENEFIT AVAILABLE UNDER THE POLICY;

18 (D) A STATEMENT OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED;

19 (E) A GENERAL DESCRIPTION OF THE FACTORS OR CASE CHARACTERISTICS THAT THE
20 INSURER MAY CONSIDER IN ESTABLISHING OR CHANGING THE PREMIUMS AND, IF APPLICABLE, IN
21 DETERMINING THE INSURABILITY OF THE APPLICANT; AND

22 (F) A GENERAL DESCRIPTION OF THE TREND OF PREMIUM INCREASES OR DECREASES FOR
23 COMPARABLE POLICIES ISSUED BY THE INSURER DURING THE PRECEDING 5 YEARS, IF THE TREND
24 DATA IS AVAILABLE.

25 (3) THE OUTLINE OF COVERAGE MAY INCLUDE ANY OTHER INFORMATION THAT THE INSURER
26 CONSIDERS RELEVANT TO THE APPLICANT'S SELECTION OF AN APPROPRIATE INDIVIDUAL DISABILITY
27 POLICY.

28 (4) AN INSURER OR PRODUCER SHALL PROVIDE TO AN INDIVIDUAL, UPON REQUEST, AN
29 OUTLINE OF COVERAGE FOR ANY HEALTH BENEFIT PRODUCT MARKETED TO THE GENERAL PUBLIC.
30 THE OUTLINE OF COVERAGE PROVIDED UNDER THIS SUBSECTION MAY EXCLUDE THE STATEMENT

1 OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED.

2

3 NEW SECTION. SECTION 6. DISCLOSURE STANDARDS -- GROUP POLICY. (1) IN ORDER TO
4 PROVIDE FOR FULL AND FAIR DISCLOSURE IN THE SALE OF DISABILITY INSURANCE, A GROUP
5 DISABILITY INSURANCE POLICY MAY NOT BE DELIVERED OR ISSUED FOR DELIVERY IN THIS STATE
6 UNLESS AN OUTLINE OF COVERAGE IS DELIVERED TO THE APPLICANT AT THE TIME THE APPLICATION
7 IS MADE.

8 (2) THE OUTLINE OF COVERAGE MUST INCLUDE:

9 (A) A GENERAL DESCRIPTION OF THE PRINCIPAL BENEFITS AND COVERAGES PROVIDED BY
10 THE POLICY;

11 (B) A GENERAL DESCRIPTION OF THE INSURED'S FINANCIAL RESPONSIBILITY UNDER THE
12 POLICY, INCLUDING, IF APPLICABLE, THE AMOUNT OF THE DEDUCTIBLE, THE AMOUNT OR
13 PERCENTAGE OF COPAYMENT, AND THE MAXIMUM ANNUAL OUT-OF-POCKET EXPENSES TO BE PAID
14 BY THE INSURED;

15 (C) A STATEMENT OF THE MAXIMUM LIFETIME BENEFIT AVAILABLE UNDER THE POLICY;

16 (D) A STATEMENT OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED;
17 (E) A GENERAL DESCRIPTION OF THE FACTORS OR CASE CHARACTERISTICS THAT THE
18 INSURER MAY CONSIDER IN ESTABLISHING OR CHANGING THE PREMIUMS AND, IF APPLICABLE, IN
19 DETERMINING THE INSURABILITY OF THE APPLICANT; AND

20 (F) A GENERAL DESCRIPTION OF THE TREND OF PREMIUM INCREASES OR DECREASES FOR
21 COMPARABLE POLICIES ISSUED BY THE INSURER DURING THE PRECEDING 5 YEARS, IF THE TREND
22 DATA IS AVAILABLE.

23 (3) IF APPLICABLE, THE OUTLINE OF COVERAGE MUST DISCLOSE THAT THE POLICY DOES NOT
24 CONTAIN COVERAGE FOR MENTAL ILLNESS OR CHEMICAL DEPENDENCY.

25 (4) THE OUTLINE OF COVERAGE MAY INCLUDE ANY OTHER INFORMATION THAT THE INSURER
26 CONSIDERS RELEVANT TO THE APPLICANT'S SELECTION OF AN APPROPRIATE GROUP DISABILITY
27 POLICY.

28 (5) AN INSURER OR PRODUCER SHALL PROVIDE TO AN INDIVIDUAL, UPON REQUEST, AN
29 OUTLINE OF COVERAGE FOR ANY HEALTH BENEFIT PRODUCT MARKETED TO THE GENERAL PUBLIC.
30 THE OUTLINE OF COVERAGE PROVIDED UNDER THIS SUBSECTION MAY EXCLUDE THE STATEMENT

1 OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED.

2

3 NEW SECTION. SECTION 7. DISCLOSURE STANDARDS -- HEALTH MAINTENANCE

4 ORGANIZATIONS. (1) IN ORDER TO PROVIDE FOR FULL AND FAIR DISCLOSURE IN THE SALE OF

5 DISABILITY INSURANCE, AN ENROLLMENT FORM OR EVIDENCE OF COVERAGE MAY NOT BE DELIVERED

6 OR ISSUED FOR DELIVERY IN THIS STATE BY A HEALTH MAINTENANCE ORGANIZATION UNLESS AN

7 OUTLINE OF COVERAGE IS DELIVERED TO THE APPLICANT AT THE TIME THE APPLICATION IS MADE.

8 THE OUTLINE OF COVERAGE MUST BE FILED WITH THE COMMISSIONER AS REQUIRED BY 33-1-501.

9 (2) THE OUTLINE OF COVERAGE MUST INCLUDE:

10 (A) A GENERAL DESCRIPTION OF THE PRINCIPAL BENEFITS AND COVERAGES PROVIDED BY

11 THE POLICY;

12 (B) A GENERAL DESCRIPTION OF THE INSURED'S FINANCIAL RESPONSIBILITY UNDER THE

13 POLICY, INCLUDING, IF APPLICABLE, THE AMOUNT OF THE DEDUCTIBLE, THE AMOUNT OR

14 PERCENTAGE OF COPAYMENT, AND THE MAXIMUM ANNUAL OUT-OF-POCKET EXPENSES TO BE PAID

15 BY THE INSURED;

16 (C) A STATEMENT OF THE MAXIMUM LIFETIME BENEFIT AVAILABLE UNDER THE POLICY;

17 (D) A STATEMENT OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED;

18 (E) A GENERAL DESCRIPTION OF THE FACTORS OR CASE CHARACTERISTICS THAT THE

19 INSURER MAY CONSIDER IN ESTABLISHING OR CHANGING THE PREMIUMS AND, IF APPLICABLE, IN

20 DETERMINING THE INSURABILITY OF THE APPLICANT; AND

21 (F) A GENERAL DESCRIPTION OF THE TREND OF PREMIUM INCREASES OR DECREASES FOR

22 COMPARABLE POLICIES ISSUED BY THE INSURER DURING THE PRECEDING 5 YEARS, IF THE TREND

23 DATA IS AVAILABLE.

24 (3) THE OUTLINE OF COVERAGE MAY INCLUDE ANY OTHER INFORMATION THAT THE INSURER

25 CONSIDERS RELEVANT TO THE APPLICANT'S SELECTION OF AN APPROPRIATE HEALTH BENEFIT PLAN.

26 (4) AN INSURER OR PRODUCER SHALL PROVIDE TO AN INDIVIDUAL, UPON REQUEST, AN

27 OUTLINE OF COVERAGE FOR ANY HEALTH BENEFIT PRODUCT MARKETED TO THE GENERAL PUBLIC.

28 THE OUTLINE OF COVERAGE PROVIDED UNDER THIS SUBSECTION MAY EXCLUDE THE STATEMENT

29 OF THE ESTIMATED PERIODIC PREMIUM TO BE PAID BY THE INSURED.

30

1 NEW SECTION. SECTION 8. UNIFORM HEALTH BENEFIT PLAN -- INDIVIDUAL. (1) EACH
2 INSURER OR HEALTH SERVICE CORPORATION DELIVERING OR ISSUING FOR A DELIVERY IN THIS STATE
3 AN INDIVIDUAL DISABILITY INSURANCE POLICY, CERTIFICATE, OR CONTRACT A HEALTH BENEFIT
4 PLAN, AS DEFINED IN [SECTION 3], TO AN INDIVIDUAL SHALL MAKE AVAILABLE A UNIFORM HEALTH
5 BENEFIT PLAN PROVIDING THE BENEFITS AND SERVICES REQUIRED IN SUBSECTION (2).

6 (2) THE UNIFORM HEALTH BENEFIT PLAN MUST:

7 (A) PROVIDE COVERAGE FOR THE SERVICES AND ARTICLES REQUIRED BY 33-22-1521(2);

8 (B) PAY 50% OF THE COVERED EXPENSES IN EXCESS OF AN ANNUAL DEDUCTIBLE THAT MAY
9 NOT EXCEED \$1,000 PER PERSON OR \$2,000 PER FAMILY;

10 (C) INCLUDE A LIMITATION OF \$5,000 PER PERSON OR \$7,500 PER FAMILY ON THE TOTAL
11 ANNUAL OUT-OF-POCKET EXPENSES FOR SERVICES COVERED; AND

12 (D) BE SUBJECT TO A MAXIMUM LIFETIME BENEFIT OF \$1 MILLION.

13
14 NEW SECTION. SECTION 9. UNIFORM HEALTH BENEFIT PLAN -- GROUP. (1) EACH INSURER
15 OR HEALTH SERVICE CORPORATION DELIVERING OR ISSUING FOR A DELIVERY IN THIS STATE A
16 GROUP DISABILITY INSURANCE POLICY, CERTIFICATE, OR CONTRACT HEALTH BENEFIT PLAN, AS
17 DEFINED IN [SECTION 3], TO A GROUP SHALL MAKE AVAILABLE A UNIFORM HEALTH BENEFIT PLAN
18 PROVIDING THE BENEFITS AND SERVICES REQUIRED IN SUBSECTION (2).

19 (2) THE UNIFORM HEALTH BENEFIT PLAN MUST:

20 (A) PROVIDE COVERAGE FOR THE SERVICES AND ARTICLES REQUIRED BY 33-22-1521(2);

21 (B) PAY 50% OF THE COVERED EXPENSES IN EXCESS OF AN ANNUAL DEDUCTIBLE THAT MAY
22 NOT EXCEED \$1,000 PER PERSON OR \$2,000 PER FAMILY;

23 (C) INCLUDE A LIMITATION OF \$5,000 PER PERSON OR \$7,500 PER FAMILY ON THE TOTAL
24 ANNUAL OUT-OF-POCKET EXPENSES FOR SERVICES COVERED; AND

25 (D) BE SUBJECT TO A MAXIMUM LIFETIME BENEFIT OF \$1 MILLION.

26
27 NEW SECTION. SECTION 10. UNIFORM HEALTH BENEFIT PLAN -- HEALTH MAINTENANCE
28 ORGANIZATION. EACH HEALTH MAINTENANCE ORGANIZATION DELIVERING OR ISSUING FOR A
29 DELIVERY IN THIS STATE AN ENROLLMENT FORM OR EVIDENCE OF COVERAGE SHALL MAKE
30 AVAILABLE A UNIFORM HEALTH BENEFIT PLAN [PROVIDING BENEFIT EQUIVALENCY AND BENEFIT

1 VALUE, AS DEFINED IN SECTION 1 OF HOUSE BILL NO. 466] COMPARABLE TO THE UNIFORM HEALTH
2 BENEFIT PLAN REQUIRED IN [SECTION 8(2)].

3

4 SECTION 11. SECTION 33-22-508, MCA, IS AMENDED TO READ:

5 **"33-22-508. Conversion on termination of eligibility.** (1) A group disability insurance policy issued
6 or renewed after October 1, 1981, must contain a provision that if the insurance or any portion of it on a
7 person, his a person's dependents, or family members covered under the policy ceases because of
8 termination of his the person's employment or of his the person's membership in the class or classes eligible
9 for coverage under the policy or as a result of his a person's employer discontinuing his the employer's
10 business or as a result of his a person's employer discontinuing the group disability insurance policy and
11 not providing for any other group disability insurance or plan and if the person had been insured for a period
12 of 3 months and he the person is not insured under another major medical disability insurance policy or
13 plan, he the person is entitled to have issued to him the person by the insurer, without evidence of
14 insurability, group coverage or an individual policy issued by the insurer or, in the absence of an individual
15 policy issued by the insurer, a group policy issued by the insurer, of hospital or medical service insurance
16 on himself the person, his or the person's dependents, or family members if application for the individual
17 policy is made and the first premium tendered to the insurer within 31 days after the termination of group
18 coverage.

19 (2) The individual policy or group policy, at the option of the insured, may be on any form then
20 customarily issued by the insurer to individual or group policyholders, with the exception of a policy the
21 eligibility for which is determined by affiliation other than by employment with a common entity. In
22 addition, the insurer shall make available a conversion policy as required by subsection (4).

23 (3) The premium on the individual policy or group policy must be at NO MORE THAN 200% OF
24 the insurer's then customary conversion rate applicable to the coverage of the individual or group policy.
25 THE CUSTOMARY RATE IS THAT RATE THAT IS NORMALLY ISSUED FOR MEDICALLY UNDERWRITTEN
26 POLICIES WITHOUT DISCOUNT FOR HEALTHY LIFESTYLES.

27 (4) The insurer shall make available an individual conversion policy that provides the level of
28 benefits provided by the insurer's lowest cost basic health benefit plan, as defined in 33-22-1803. If the
29 insurer is not a small employer carrier under part 18, the insurer shall make available an individual
30 conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion rate may

1 not exceed 150% of the highest rate charged for that plan."

2

3 **SECTION 12. SECTION 33-30-1007, MCA, IS AMENDED TO READ:**

4 "33-30-1007. Conversion on termination of eligibility. (1) The group hospital or medical service
5 plan contract issued or renewed by a health service corporation after October 1, 1981, shall contain a
6 provision that if the insurance or any portion of it on a person, ~~his or a person's dependents~~, or family-
7 members covered under the policy ceases because of termination of ~~his the person's~~ employment or of ~~his~~
8 a person's membership in the class or classes eligible for coverage under the policy, as a result of an
9 employer discontinuing ~~his the employer's~~ business, or as a result of an employer discontinuing the policy
10 issued by the health service corporation and not providing for any other group disability insurance or plan,
11 ~~such a person shall, provided he that the person~~ has been insured for a period of 3 months and that ~~he the~~
12 person is not insured under another major medical disability insurance policy or plan, be entitled to have
13 issued to ~~him~~ the person by the insurer, without evidence of insurability, an individual policy of hospital or
14 medical service insurance on ~~himself the person, his or the person's dependents~~, or family members,
15 ~~provided application. Application~~ for the individual policy ~~shall~~ must be made and the first premium
16 tendered to the insurer within 31 days after the termination of group coverage.

17 (2) The individual policy shall, at the option of the insured, be on any of the forms then customarily
18 issued by the insurer to individual policyholders with the exception of those whose eligibility is determined
19 by their affiliation other than by employment with a particular entity. In addition, the health services
20 corporation shall make available a conversion policy as required by subsection (4).

21 (3) The premium on the individual policy ~~shall~~ must be at NO MORE THAN 200% OF the insurer's
22 then customary conversion rate applicable to the coverage of the individual policy ~~but may not be greater~~
23 than ~~150% of the insurer's highest group rate for a policy with the same benefits as the conversion policy.~~
24 THE CUSTOMARY RATE IS THAT RATE THAT IS NORMALLY ISSUED FOR MEDICALLY UNDERWRITTEN
25 POLICIES WITHOUT DISCOUNT FOR HEALTHY LIFESTYLES.

26 (4) The health service corporation shall make available an individual conversion policy that provides
27 the level of benefits provided by its lowest cost basic health benefit plan, as defined in 33-22-1803. If the
28 insurer is not a small employer carrier under chapter 22, part 18, the insurer shall make available an
29 individual conversion policy that provides equivalent benefits to a basic health benefit plan. The conversion
30 rate ~~may not exceed 150% of the highest rate charged for that plan."~~

1 NEW SECTION. SECTION 13. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 466 IS
2 PASSED AND APPROVED, THEN THE BRACKETED LANGUAGE IN [SECTION 10], REFERRING TO BENEFIT
3 EQUIVALENCY AND BENEFIT VALUE, MUST BE CODIFIED.

4

5 NEW SECTION. Section 14. Codification instruction. (1) [Sections 1 and 2] are intended to be
6 codified as an integral part of Title 33, chapter 22, and the provisions of Title 33, chapter 22, apply to
7 [sections 1 and 2].

8 (2) [Section 3] is intended to be codified as an integral part of Title 33, chapter 22, part 4 2, and
9 the provisions of Title 33, chapter 22, part 4 2, apply to [section 3].

10 (3) [SECTIONS 5 AND 8] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 33,
11 CHAPTER 22, PART 2, AND THE PROVISIONS OF TITLE 33, CHAPTER 22, PART 2, APPLY TO [SECTIONS
12 5 AND 8].

13 (4) [SECTIONS 6 AND 9] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 33,
14 CHAPTER 22, PART 5, AND THE PROVISIONS OF TITLE 33, CHAPTER 22, PART 5, APPLY TO [SECTIONS
15 6 AND 9].

16 (5) [SECTIONS 7 AND 10] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 33,
17 CHAPTER 31, PART 3, AND THE PROVISIONS OF TITLE 33, CHAPTER 31, PART 3, APPLY TO [SECTIONS
18 7 AND 10].

19

20 NEW SECTION. SECTION 15. APPLICABILITY. [THIS ACT] APPLIES TO A POLICY, CERTIFICATE,
21 OR CONTRACT OF DISABILITY INSURANCE AND A HEALTH SERVICE MEMBERSHIP CONTRACT ENTERED
22 INTO OR RENEWED ON OR AFTER [THE EFFECTIVE DATE OF THIS ACT].

23

24 NEW SECTION. SECTION 16. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE JANUARY 1, 1996.

25 -END-