

SENATE BILL NO. 380

INTRODUCED BY

*Jaralson Frenkle Tuss Christensen
B. B. Bailey Malpin Branka Bartlett Doherty L. Smith*

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY ACT TO APPLY TO EMPLOYERS WITH FROM 1 TO 100 EMPLOYEES; AND AMENDING SECTION 33-22-1803, MCA."

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

Section 1. Section 33-22-1803, MCA, is amended to read:

"33-22-1803. Definitions. As used in this part, the following definitions apply:

(1) "Actuarial certification" means a written statement by a member of the American academy of actuaries or other individual acceptable to the commissioner that a small employer carrier is in compliance with the provisions of 33-22-1809, based upon the person's examination, including a review of the appropriate records and of the actuarial assumptions and methods used by the small employer carrier in establishing premium rates for applicable health benefit plans.

(2) "Affiliate" or "affiliated" means any entity or person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a specified entity or person.

(3) "Assessable carrier" means all individual carriers of disability insurance and all carriers of group disability insurance, excluding the state group benefits plan provided for in Title 2, chapter 18, part 8, the Montana university system health plan, and any self-funded disability insurance plan provided by a political subdivision of the state.

(4) "Base premium rate" means, for each class of business as to a rating period, the lowest premium rate charged or that could have been charged under the rating system for that class of business by the small employer carrier to small employers with similar case characteristics for health benefit plans with the same or similar coverage.

(5) "Basic health benefit plan" means a lower cost health benefit plan developed pursuant to 33-22-1812.

(6) "Board" means the board of directors of the program established pursuant to 33-22-1818.

(7) "Carrier" means any person who provides a health benefit plan in this state subject to state

1 insurance regulation. The term includes but is not limited to an insurance company, a fraternal benefit
2 society, a health service corporation, a health maintenance organization, and, to the extent permitted by
3 the Employee Retirement Income Security Act of 1974, a multiple-employer welfare arrangement. For
4 purposes of this part, companies that are affiliated companies or that are eligible to file a consolidated tax
5 return must be treated as one carrier, except that the following may be considered as separate carriers:

6 (a) an insurance company or health service corporation that is an affiliate of a health maintenance
7 organization located in this state;

8 (b) a health maintenance organization located in this state that is an affiliate of an insurance
9 company or health service corporation; or

10 (c) a health maintenance organization that operates only one health maintenance organization in
11 an established geographic service area of this state.

12 (8) "Case characteristics" means demographic or other objective characteristics of a small employer
13 that are considered by the small employer carrier in the determination of premium rates for the small
14 employer, provided that claims experience, health status, and duration of coverage are not case
15 characteristics for purposes of this part.

16 (9) "Class of business" means all or a separate grouping of small employers established pursuant
17 to 33-22-1808.

18 (10) "Committee" means the health benefit plan committee created pursuant to 33-22-1812.

19 (11) "Dependent" means:

20 (a) a spouse or an unmarried child under 19 years of age;

21 (b) an unmarried child, under 23 years of age, who is a full-time student and who is financially
22 dependent on the insured;

23 (c) a child of any age who is disabled and dependent upon the parent as provided in 33-22-506
24 and 33-30-1003; or

25 (d) any other individual defined to be a dependent in the health benefit plan covering the employee.

26 (12) "Eligible employee" means an employee who works on a full-time basis and who has a normal
27 workweek of 30 hours or more. The term includes a sole proprietor, a partner of a partnership, and an
28 independent contractor if the sole proprietor, partner, or independent contractor is included as an employee
29 under a health benefit plan of a small employer. The term does not include an employee who works on a
30 part-time, temporary, or substitute basis.

1 (13) "Established geographic service area" means a geographic area, as approved by the
2 commissioner and based on the carrier's certificate of authority to transact insurance in this state, within
3 which the carrier is authorized to provide coverage.

4 (14) "Health benefit plan" means any hospital or medical policy or certificate providing for physical
5 and mental health care issued by an insurance company, a fraternal benefit society, or a health service
6 corporation or issued under a health maintenance organization subscriber contract. Health benefit plan does
7 not include:

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

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

12 (c) automobile medical payment insurance.

13 (15) "Index rate" means, for each class of business for a rating period for small employers with
14 similar case characteristics, the average of the applicable base premium rate and the corresponding highest
15 premium rate.

16 (16) "Late enrollee" means an eligible employee or dependent who requests enrollment in a health
17 benefit plan of a small employer following the initial enrollment period during which the individual was
18 entitled to enroll under the terms of the health benefit plan, provided that the initial enrollment period was
19 a period of at least 30 days. However, an eligible employee or dependent may not be considered a late
20 enrollee if:

21 (a) the individual meets each of the following conditions:

22 (i) the individual was covered under qualifying previous coverage at the time of the initial
23 enrollment;

24 (ii) the individual lost coverage under qualifying previous coverage as a result of termination of
25 employment or eligibility, the involuntary termination of the qualifying previous coverage, the death of a
26 spouse, or divorce; and

27 (iii) the individual requests enrollment within 30 days after termination of the qualifying previous
28 coverage;

29 (b) the individual is employed by an employer that offers multiple health benefit plans and the
30 individual elects a different plan during an open enrollment period; or

1 (c) a court has ordered that coverage be provided for a spouse, minor, or dependent child under
2 a covered employee's health benefit plan and a request for enrollment is made within 30 days after issuance
3 of the court order.

4 (17) "New business premium rate" means, for each class of business for a rating period, the lowest
5 premium rate charged or offered or that could have been charged or offered by the small employer carrier
6 to small employers with similar case characteristics for newly issued health benefit plans with the same or
7 similar coverage.

8 (18) "Plan of operation" means the operation of the program established pursuant to 33-22-1818.

9 (19) "Premium" means all money paid by a small employer and eligible employees as a condition
10 of receiving coverage from a small employer carrier, including any fees or other contributions associated
11 with the health benefit plan.

12 (20) "Program" means the Montana small employer health reinsurance program created by
13 33-22-1818.

14 (21) "Qualifying previous coverage" means benefits or coverage provided under:

15 (a) medicare or medicaid;

16 (b) an employer-based health insurance or health benefit arrangement that provides benefits similar
17 to or exceeding benefits provided under the basic health benefit plan; or

18 (c) an individual health insurance policy, including coverage issued by an insurance company, a
19 fraternal benefit society, a health service corporation, or a health maintenance organization that provides
20 benefits similar to or exceeding the benefits provided under the basic health benefit plan, provided that the
21 policy has been in effect for a period of at least 1 year.

22 (22) "Rating period" means the calendar period for which premium rates established by a small
23 employer carrier are assumed to be in effect.

24 (23) "Reinsuring carrier" means a small employer carrier participating in the reinsurance program
25 pursuant to 33-22-1819.

26 (24) "Restricted network provision" means a provision of a health benefit plan that conditions the
27 payment of benefits, in whole or in part, on the use of health care providers that have entered into a
28 contractual arrangement with the carrier pursuant to Title 33, chapter 22, part 17, or Title 33, chapter 31,
29 to provide health care services to covered individuals.

30 (25) "Small employer" means a person, firm, corporation, partnership, or association that is actively

1 engaged in business and that, on at least 50% of its working days during the preceding calendar quarter,
2 employed at least ~~3~~ 1 but not more than ~~25~~ 100 eligible employees, the majority of whom were employed
3 within this state or were residents of this state. In determining the number of eligible employees, companies
4 are considered one employer if they:

- 5 (a) are affiliated companies;
- 6 (b) are eligible to file a combined tax return for purposes of state taxation; or
- 7 (c) are members of an association that:
 - 8 (i) has been in existence for 1 year prior to January 1, 1994;
 - 9 (ii) provides a health benefit plan to employees of its members as a group; and
 - 10 (iii) does not deny coverage to any member of its association or any employee of its members who
11 applies for coverage as part of a group.

12 (26) "Small employer carrier" means a carrier that offers health benefit plans that cover eligible
13 employees of one or more small employers in this state.

14 (27) "Standard health benefit plan" means a health benefit plan developed pursuant to
15 33-22-1812."

16 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0380, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:


An act amending the small employer health insurance availability act to apply to employers with from 1 to 100 employees.

ASSUMPTIONS:

1. The State Auditor will promulgate 10 pages of rules in the Administrative Rules of Montana in FY96, at a cost of \$35 a page, or \$350.

FISCAL IMPACT:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
State Auditor's office:		
<u>Expenditures:</u>		
Operating expenses	350	0
<u>Funding:</u>		
General fund	350	0

 2.18.95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

JUDY JACOBSON, PRIMARY SPONSOR DATE
Fiscal Note for SB0380, as introduced

SB 380

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2 INTRODUCED BY JACOBSON, FRANKLIN, TUSS, CHRISTIAENS, BARNHART, HALLIGAN, BROOKE,
3 BARTLETT, DOHERTY, L. SMITH

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AVAILABILITY ACT TO APPLY TO EMPLOYERS WITH FROM 4 3 TO ~~400~~ 50 EMPLOYEES; AND
AMENDING SECTION 33-22-1803, MCA."

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

THERE ARE NO CHANGES IN THIS BILL AND IT WILL
NOT BE REPRINTED. PLEASE REFER TO SECOND
READING COPY (YELLOW) FOR COMPLETE TEXT.