

FIRST REGULAR SESSION

SENATE BILL NO. 475

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR BEAN.

2243S.01H

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 376.421, RSMo, and to enact in lieu thereof one new section relating to association health plans.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 376.421, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 376.421,
3 to read as follows:

376.421. 1. Except as provided in subsection 2 of
2 this section, no policy of group health insurance shall be
3 delivered in this state unless it conforms to one of the
4 following descriptions:

5 (1) A policy issued to an employer, or to the trustees
6 of a fund established by an employer, which employer or
7 trustees shall be deemed the policyholder, to insure
8 employees of the employer for the benefit of persons other
9 than the employer, subject to the following requirements:

10 (a) The employees eligible for insurance under the
11 policy shall be all of the employees of the employer, or all
12 of any class or classes thereof. The policy may provide
13 that the term employees shall include the employees of one
14 or more subsidiary corporations, and the employees,
15 individual proprietors, and partners of one or more
16 affiliated corporations, proprietorships or partnerships, if
17 the business of the employer and of such affiliated
18 corporations, proprietorships or partnerships is under

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 common control. The policy may provide that the term
20 employees shall include the individual proprietor or
21 partners if the employer is an individual proprietorship or
22 partnership. The policy may provide that the term employees
23 shall include retired employees, former employees and
24 directors of a corporate employer. A policy issued to
25 insure the employees of a public body may provide that the
26 term employees shall include elected or appointed officials;

27 (b) The premium for the policy shall be paid either
28 from the employer's funds or from funds contributed by the
29 insured employees, or from both. Except as provided in
30 paragraph (c) of this subdivision, a policy on which no part
31 of the premium is to be derived from funds contributed by
32 the insured employees must insure all eligible employees,
33 except those who reject such coverage in writing; and

34 (c) An insurer may exclude or limit the coverage on
35 any person as to whom evidence of individual insurability is
36 not satisfactory to the insurer in a policy insuring fewer
37 than ten employees and in a policy insuring ten or more
38 employees if:

39 a. Application is not made within thirty-one days
40 after the date of eligibility for insurance; or

41 b. The person voluntarily terminated the insurance
42 while continuing to be eligible for insurance under the
43 policy; or

44 c. After the expiration of an open enrollment period
45 during which the person could have enrolled for the
46 insurance or could have elected another level of benefits
47 under the policy;

48 (2) A policy issued to a creditor or its parent
49 holding company or to a trustee or trustees or agent
50 designated by two or more creditors, which creditor, holding

51 company, affiliate, trustee, trustees or agent shall be
52 deemed the policyholder, to insure debtors of the creditor
53 or creditors with respect to their indebtedness subject to
54 the following requirements:

55 (a) The debtors eligible for insurance under the
56 policy shall be all of the debtors of the creditor or
57 creditors, or all of any class or classes thereof. The
58 policy may provide that the term debtors shall include:

59 a. Borrowers of money or purchasers or lessees of
60 goods, services, or property for which payment is arranged
61 through a credit transaction;

62 b. The debtors of one or more subsidiary corporations;
63 and

64 c. The debtors of one or more affiliated corporations,
65 proprietorships or partnerships if the business of the
66 policyholder and of such affiliated corporations,
67 proprietorships or partnerships is under common control;

68 (b) The premium for the policy shall be paid either
69 from the creditor's funds or from charges collected from the
70 insured debtors, or from both. Except as provided in
71 paragraph (c) of this subdivision, a policy on which no part
72 of the premium is to be derived from funds contributed by
73 insured debtors specifically for their insurance must insure
74 all eligible debtors;

75 (c) An insurer may exclude any debtors as to whom
76 evidence of individual insurability is not satisfactory to
77 the insurer in a policy insuring fewer than ten debtors and
78 in a policy insuring ten or more debtors if:

79 a. Application is not made within thirty-one days
80 after the date of eligibility for insurance; or

81 b. The person voluntarily terminated the insurance
82 while continuing to be eligible for insurance under the
83 policy; or

84 c. After the expiration of an open enrollment period
85 during which the person could have enrolled for the
86 insurance or could have elected another level of benefits
87 under the policy;

88 (d) The total amount of insurance payable with respect
89 to an indebtedness shall not exceed the greater of the
90 scheduled or actual amount of unpaid indebtedness to the
91 creditor. The insurer may exclude any payments which are
92 delinquent on the date the debtor becomes disabled as
93 defined in the policy;

94 (e) The insurance may be payable to the creditor or to
95 any successor to the right, title, and interest of the
96 creditor. Such payment or payments shall reduce or
97 extinguish the unpaid indebtedness of the debtor to the
98 extent of each such payment and any excess of insurance
99 shall be payable to the insured or the estate of the insured;

100 (f) Notwithstanding the preceding provisions of this
101 subdivision, insurance on agricultural credit transaction
102 commitments may be written up to the amount of the loan
103 commitment, and insurance on educational credit transaction
104 commitments may be written up to the amount of the loan
105 commitment less the amount of any repayments made on the
106 loan;

107 (3) A policy issued to a labor union or similar
108 employee organization, which shall be deemed to be the
109 policyholder, to insure members of such union or
110 organization for the benefit of persons other than the union
111 or organization or any of its officials, representatives, or
112 agents, subject to the following requirements:

113 (a) The members eligible for insurance under the
114 policy shall be all of the members of the union or
115 organization, or all of any class or classes thereof;

116 (b) The premium for the policy shall be paid either
117 from funds of the union or organization or from funds
118 contributed by the insured members specifically for their
119 insurance, or from both. Except as provided in paragraph

120 (c) of this subdivision, a policy on which no part of the
121 premium is to be derived from funds contributed by the
122 insured members specifically for their insurance must insure
123 all eligible members, except those who reject such coverage
124 in writing;

125 (c) An insurer may exclude or limit the coverage on
126 any person as to whom evidence of individual insurability is
127 not satisfactory to the insurer in a policy insuring fewer
128 than ten members and in a policy insuring ten or more
129 members if:

130 a. Application is not made within thirty-one days
131 after the date of eligibility for insurance; or

132 b. The person voluntarily terminated the insurance
133 while continuing to be eligible for insurance under the
134 policy; or

135 c. After the expiration of an open enrollment period
136 during which the person could have enrolled for the
137 insurance or could have elected another level of benefits
138 under the policy;

139 (4) A policy issued to a trust, or to the trustee of a
140 fund, established or adopted by two or more employers, or by
141 one or more labor unions or similar employee organizations,
142 or by one or more employers and one or more labor unions or
143 similar employee organizations, which trust or trustee shall
144 be deemed the policyholder, to insure employees of the

employers or members of the unions or organizations for the benefit of persons other than the employers or the unions or organizations, subject to the following requirements:

(a) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions or organizations, or all of any class or classes thereof. The policy may provide that the term employees shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietorships or partnerships if the business of the employer and of such affiliated corporations, proprietorships or partnerships is under common control. The policy may provide that the term employees shall include the individual proprietor or partners if the employer is an individual proprietorship or partnership. The policy may provide that the term employees shall include retired employees, former employees and directors of a corporate employer. The policy may provide that the term employees shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship;

(b) The premium for the policy shall be paid from funds contributed by the employer or employers of the insured persons or by the union or unions or similar employee organizations, or by both, or from funds contributed by the insured persons or from both the insured persons and the employer or union or similar employee organization. Except as provided in paragraph (c) of this subdivision, a policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance, must insure all eligible persons except those who reject such coverage in writing;

177 (c) An insurer may exclude or limit the coverage on
178 any person as to whom evidence of individual insurability is
179 not satisfactory to the insurer;

180 (5) A policy issued to an association or to a trust or
181 to the trustees of a fund established, created and
182 maintained for the benefit of members of one or more
183 associations. The association or associations shall have at
184 the outset a minimum of fifty members; shall have been
185 organized and maintained in good faith [for purposes other
186 than that of obtaining insurance; shall have been in active
187 existence for at least two years]; shall have a constitution
188 and bylaws which provide that the association or
189 associations shall hold regular meetings not less than
190 annually to further the purposes of the members; shall,
191 except for credit unions, collect dues or solicit
192 contributions from members; and shall provide the members
193 with voting privileges and representation on the governing
194 board and committees. The policy shall be subject to the
195 following requirements:

196 (a) The policy may insure members of such association
197 or associations, employees thereof, or employees of members,
198 or one or more of the preceding, or all of any class or
199 classes thereof for the benefit of persons other than the
200 employee's employer;

201 (b) The premium for the policy shall be paid from
202 funds contributed by the association or associations or by
203 employer members, or by both, or from funds contributed by
204 the covered persons or from both the covered persons and the
205 association, associations, or employer members;

206 (c) Except as provided in paragraph (d) of this
207 subdivision, a policy on which no part of the premium is to
208 be derived from funds contributed by the covered persons

209 specifically for their insurance must insure all eligible
210 persons, except those who reject such coverage in writing;

211 (d) An insurer may exclude or limit the coverage on
212 any person as to whom evidence of individual insurability is
213 not satisfactory to the insurer;

214 (e) If the health benefit plan, as defined in section
215 376.1350, is delivered, issued for delivery, continued or
216 renewed, is providing coverage to any resident of this
217 state, and is providing coverage to sole proprietors, self-
218 employed persons, small employers as defined in subsection 2
219 of section 379.930, and large employers, the insurer
220 providing the coverage to the association or trust or
221 trustees of a fund established, created, and maintained for
222 the benefit of members of one or more associations may be
223 exempt from subdivision (1) of subsection 1 of section
224 379.936 as it relates to the association plans established
225 under this section. The director shall find that an
226 exemption would be in the public interest and approved and
227 that additional classes of business may be approved under
228 subsection 4 of section 379.934 if the director determines
229 that the health benefit plan:

230 a. Is underwritten and rated as a single employer;

231 b. Has a uniform health benefit plan design option or
232 options for all participating association members or
233 employers;

234 c. Has guarantee issue to all association members and
235 all eligible employees, as defined in subsection 2 of
236 section 379.930, of any participating association member
237 company; and

238 d. Complies with all other federal and state insurance
239 requirements, including but not limited to the small

240 employer health insurance and availability act under
241 sections 379.930 to 379.952;

242 (6) A policy issued to a credit union or to a trustee
243 or trustees or agent designated by two or more credit
244 unions, which credit union, trustee, trustees or agent shall
245 be deemed the policyholder, to insure members of such credit
246 union or credit unions for the benefit of persons other than
247 the credit union or credit unions, trustee or trustees, or
248 agent or any of their officials, subject to the following
249 requirements:

250 (a) The members eligible for insurance shall be all of
251 the members of the credit union or credit unions, or all of
252 any class or classes thereof;

253 (b) The premium for the policy shall be paid by the
254 policyholder from the credit union's funds and, except as
255 provided in paragraph (c) of this subdivision, must insure
256 all eligible members;

257 (c) An insurer may exclude or limit the coverage on
258 any member as to whom evidence of individual insurability is
259 not satisfactory to the insurer;

260 (7) A policy issued to cover persons in a group where
261 that group is specifically described by a law of this state
262 as one which may be covered for group life insurance. The
263 provisions of such law relating to eligibility and evidence
264 of insurability shall apply.

265 2. Group health insurance offered to a resident of
266 this state under a group health insurance policy issued to a
267 group other than one described in subsection 1 of this
268 section shall be subject to the following requirements:

269 (1) No such group health insurance policy shall be
270 delivered in this state unless the director finds that:

271 (a) The issuance of such group policy is not contrary
272 to the best interest of the public;

273 (b) The issuance of the group policy would result in
274 economies of acquisition or administration; and

275 (c) The benefits are reasonable in relation to the
276 premiums charged;

277 (2) No such group health insurance coverage may be
278 offered in this state by an insurer under a policy issued in
279 another state unless this state or another state having
280 requirements substantially similar to those contained in
281 subdivision (1) of this subsection has made a determination
282 that such requirements have been met;

283 (3) The premium for the policy shall be paid either
284 from the policyholder's funds, or from funds contributed by
285 the covered persons, or from both;

286 (4) An insurer may exclude or limit the coverage on
287 any person as to whom evidence of individual insurability is
288 not satisfactory to the insurer.

289 3. As used in this section, insurer shall have the
290 same meaning as the definition of health carrier under
291 section 376.1350, and "class" means a predefined group of
292 persons eligible for coverage under a group insurance policy
293 where members of a class represent the same or essentially
294 the same hazard; except that, an insurer may offer a policy
295 to an employer that charges a reduced premium rate or
296 deductible for employees who do not smoke or use tobacco
297 products as authorized under section 290.145, and such
298 insurer shall not be considered to be in violation of any
299 unfair trade practice, as defined in section 379.936, even
300 if only some employers elect to purchase such a policy and
301 other employers do not.

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