

HOUSE BILL No. 1653

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8; IC 27-13-7-3.

Synopsis: Essential health benefits. Prohibits preexisting condition exclusions in individual and small group policies of accident and sickness insurance and health maintenance organization contracts. Specifies benefits that must be included in individual and small group policies of accident and sickness insurance and health maintenance organization contracts. Repeals provisions providing for preexisting condition exclusions in small group policies of accident and sickness insurance. Requires the legislative services agency to draft legislation for introduction in the 2020 session of the general assembly to make conforming changes to the Indiana Code.

Effective: July 1, 2019.

DeLaney

January 24, 2019, read first time and referred to Committee on Insurance.



First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1653

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-8-5-2.5, AS AMENDED BY P.L.3-2008,
2 SECTION 212, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2019]: Sec. 2.5. (a) As used in this section, the
4 term "policy of accident and sickness insurance" does not include the
5 following:
6 (1) Accident only, credit, dental, vision, Medicare supplement,
7 long term care, or disability income insurance.
8 (2) Coverage issued as a supplement to liability insurance.
9 (3) Automobile medical payment insurance.
10 (4) A specified disease policy.
11 (5) A short term insurance plan that:
12 (A) may not be renewed; and
13 (B) has a duration of not more than six (6) months.
14 (6) A policy that provides indemnity benefits not based on any
15 expense incurred requirement, including a plan that provides
16 coverage for:
17 (A) hospital confinement, critical illness, or intensive care; or



- 1 (B) gaps for deductibles or copayments.
 2 (7) Worker's compensation or similar insurance.
 3 (8) A student health plan.
 4 (9) A supplemental plan that always pays in addition to other
 5 coverage.
 6 (10) An employer sponsored health benefit plan that is:
 7 (A) provided to individuals who are eligible for Medicare; and
 8 (B) not marketed as, or held out to be, a Medicare supplement
 9 policy.
- 10 (b) The benefits provided by:
 11 (1) an individual policy of accident and sickness insurance; or
 12 (2) a certificate of coverage that is issued under a nonemployer
 13 based association group policy of accident and sickness insurance
 14 to an individual who is a resident of Indiana;
 15 may not be excluded, limited, or denied for more than twelve (12)
 16 months after the effective date of the coverage because of a preexisting
 17 condition of the individual.
- 18 (c) ~~An individual policy of accident and sickness insurance or a~~
 19 ~~certificate of coverage described in subsection (b) may not define a~~
 20 ~~preexisting condition, a rider, or an endorsement more restrictively~~
 21 ~~than as:~~
 22 ~~(1) a condition that would have caused an ordinarily prudent~~
 23 ~~person to seek medical advice, diagnosis, care, or treatment~~
 24 ~~during the twelve (12) months immediately preceding the~~
 25 ~~effective date of the plan;~~
 26 ~~(2) a condition for which medical advice, diagnosis, care, or~~
 27 ~~treatment was recommended or received during the twelve (12)~~
 28 ~~months immediately preceding the effective date of the plan; or~~
 29 ~~(3) a pregnancy existing on the effective date of the plan.~~
- 30 (d) ~~An insurer shall reduce the period allowed for a preexisting~~
 31 ~~condition exclusion described in subsection (b) by the amount of time~~
 32 ~~the individual has continuously served under a preexisting condition~~
 33 ~~clause for a policy of accident and sickness insurance issued under~~
 34 ~~IC 27-8-15 if the individual applies for a policy under this chapter not~~
 35 ~~more than thirty (30) days after coverage under a policy of accident and~~
 36 ~~sickness insurance issued under IC 27-8-15 expires.~~
- 37 **(c) An individual policy of accident and sickness insurance and**
 38 **a certificate of coverage described in subsection (b) must include**
 39 **coverage for all of the following without annual or lifetime**
 40 **limitations:**
 41 **(1) Ambulatory patient services.**
 42 **(2) Emergency services.**



- 1 **(3) Hospitalization.**
 2 **(4) Maternity and newborn care.**
 3 **(5) Mental health and substance use disorder services,**
 4 **including behavioral health treatment.**
 5 **(6) Prescription drugs.**
 6 **(7) Rehabilitative and habilitative services and devices.**
 7 **(8) Laboratory services.**
 8 **(9) Preventive and wellness services and chronic disease**
 9 **management.**
 10 **(10) Pediatric services, including oral and vision care.**

11 SECTION 2. IC 27-8-15-9, AS AMENDED BY P.L.11-2011,
 12 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2019]: Sec. 9. (a) ~~Except as provided in section 28 of this~~
 14 ~~chapter~~; As used in this chapter, "health insurance plan" or "plan"
 15 means any:

- 16 (1) hospital or medical expense incurred policy or certificate;
 17 (2) hospital or medical service plan contract; or
 18 (3) health maintenance organization subscriber contract;
 19 provided to the employees of a small employer.
 20 (b) The term does not include the following:
 21 (1) Accident-only, credit, dental, vision, Medicare supplement,
 22 long term care, or disability income insurance.
 23 (2) Coverage issued as a supplement to liability insurance.
 24 (3) Worker's compensation or similar insurance.
 25 (4) Automobile medical payment insurance.
 26 (5) A specified disease policy.
 27 (6) A short term insurance plan that:
 28 (A) may not be renewed; and
 29 (B) has a duration of not more than six (6) months.
 30 (7) A policy that provides indemnity benefits not based on any
 31 expense incurred requirement, including a plan that provides
 32 coverage for:
 33 (A) hospital confinement, critical illness, or intensive care; or
 34 (B) gaps for deductibles or copayments.
 35 (8) A supplemental plan that always pays in addition to other
 36 coverage.
 37 (9) A student health plan.
 38 (10) An employer sponsored health benefit plan that is:
 39 (A) provided to individuals who are eligible for Medicare; and
 40 (B) not marketed as, or held out to be, a Medicare supplement
 41 policy.

42 SECTION 3. IC 27-8-15-27, AS AMENDED BY P.L.160-2011,



1 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2019]: Sec. 27. (a) This section shall be applied in conformity
3 with the requirements of the federal Patient Protection and Affordable
4 Care Act (P.L. 111-148), as amended by the federal Health Care and
5 Education Reconciliation Act of 2010 (P.L. 111-152), as in effect on
6 September 23, 2010.

7 (b) **The benefits under** a health insurance plan provided by a small
8 employer insurer to a small employer ~~must comply with the following:~~

9 (1) ~~The benefits provided by a plan to an eligible employee~~
10 ~~enrolled in the plan may not be excluded, limited, or denied for~~
11 ~~more than nine (9) months after the effective date of the coverage~~
12 ~~because of a preexisting condition of the an eligible employee,~~
13 ~~the eligible employee's spouse, or the eligible employee's~~
14 ~~dependent.~~

15 (2) ~~The plan may not define a preexisting condition, rider, or~~
16 ~~endorsement more restrictively than as a condition for which~~
17 ~~medical advice, diagnosis, care, or treatment was recommended~~
18 ~~or received during the six (6) months immediately preceding the~~
19 ~~effective date of enrollment in the plan.~~

20 (c) **A health insurance plan provided by a small employer**
21 **insurer to a small employer must include coverage for all of the**
22 **following without annual or lifetime limitations:**

23 (1) **Ambulatory patient services.**

24 (2) **Emergency services.**

25 (3) **Hospitalization.**

26 (4) **Maternity and newborn care.**

27 (5) **Mental health and substance use disorder services,**
28 **including behavioral health treatment.**

29 (6) **Prescription drugs.**

30 (7) **Rehabilitative and habilitative services and devices.**

31 (8) **Laboratory services.**

32 (9) **Preventive and wellness services and chronic disease**
33 **management.**

34 (10) **Pediatric services, including oral and vision care.**

35 SECTION 4. IC 27-8-15-28 IS REPEALED [EFFECTIVE JULY 1,
36 2019]. Sec. 28: (a) ~~As used in this section, "health insurance plan"~~
37 ~~means coverage provided under any of the following:~~

38 (1) ~~A hospital or medical expense incurred policy or certificate.~~

39 (2) ~~A hospital or medical service plan contract.~~

40 (3) ~~A health maintenance organization subscriber contract.~~

41 (4) ~~Medicare or Medicaid.~~

42 (5) ~~An employer based health insurance arrangement.~~



1 (6) An individual health insurance policy.

2 (7) A policy issued by the Indiana comprehensive health
3 insurance association under IC 27-8-10.

4 (8) An employee welfare benefit plan (as defined in 29 U.S.C.
5 1002) that is self-funded.

6 (9) A conversion policy issued under section 31 or 31.1 of this
7 chapter.

8 (b) Except as provided in section 29 of this chapter, a small
9 employer insurer shall waive the exclusion period described in section
10 27 of this chapter applicable to a preexisting condition or the limitation
11 period with respect to a particular service in a health insurance plan for
12 the time an eligible employee or a dependent of an eligible employee
13 was previously covered by a health insurance plan if the following
14 conditions are met:

15 (1) The eligible employee or a dependent of the eligible employee
16 was previously covered by a health insurance plan that provided
17 benefits with respect to the particular service.

18 (2) Coverage under the health insurance plan was continuous to
19 a date not more than sixty-three (63) days before the effective
20 date of enrollment by:

21 (A) the eligible employee; or

22 (B) a dependent of the eligible employee.

23 (c) In determining whether an eligible employee or a dependent of
24 the eligible employee meets the requirements of subsection (b)(2), a
25 waiting period imposed by a small employer insurer or small employer
26 before new coverage may become effective must be excluded from the
27 calculation.

28 (d) This section does not preclude the application of any waiting
29 period applicable to all new enrollees under a plan.

30 SECTION 5. IC 27-8-15-29 IS REPEALED [EFFECTIVE JULY 1,
31 2019]. Sec. 29: (a) This section shall be applied in conformity with the
32 requirements of the federal Patient Protection and Affordable Care Act
33 (P.L. 111-148), as amended by the federal Health Care and Education
34 Reconciliation Act of 2010 (P.L. 111-152), as in effect on September
35 23, 2010.

36 (b) A plan may exclude coverage for a late enrollee or the late
37 enrollee's covered spouse or dependent for not more than fifteen (15)
38 months.

39 (c) If a late enrollee or the late enrollee's covered spouse or
40 dependent has a preexisting condition, a plan may exclude coverage for
41 the preexisting condition for not more than fifteen (15) months.

42 (d) If a period of exclusion from coverage under subsection (b) and



1 a preexisting condition exclusion under subsection (c) are applicable
 2 to the late enrollee; the combined period of exclusion may not exceed
 3 fifteen (15) months from the date that the eligible employee enrolls for
 4 coverage under the health insurance plan.

5 SECTION 6. IC 27-8-15-30 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 30. Except as permitted
 7 under ~~sections section 27 and 29~~ of this chapter, a small employer
 8 insurer shall not modify a health insurance plan with respect to:

- 9 (1) a small employer; or
 10 (2) an eligible employee or dependent;

11 through riders, endorsements, or otherwise to restrict or exclude
 12 coverage or benefits for specific diseases, medical conditions, or
 13 services otherwise covered by the plan.

14 SECTION 7. IC 27-8-15-32 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 32. (a) If an individual:

- 16 (1) becomes an eligible employee of a small employer after the
 17 date that a small employer insurer first insures an eligible
 18 employee of the small employer under a health insurance plan;
 19 and
 20 (2) is not a late enrollee;

21 the individual and all dependents of the individual are entitled to
 22 coverage under section 33 of this chapter, subject to the provisions of
 23 ~~sections section 27 and 28~~ of this chapter.

24 SECTION 8. IC 27-8-15-33 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 33. (a) If a small
 26 employer insurer offers coverage under a health insurance plan to a
 27 small employer, the small employer insurer shall provide the employer
 28 coverage under the plan for:

- 29 (1) all eligible employees of the small employer; and
 30 (2) the dependents of all eligible employees of the small
 31 employer.

32 (b) ~~Except as provided in section 29 of this chapter~~ With respect to
 33 late enrollees, a small employer insurer shall not limit the insurer's
 34 provision of coverage to:

- 35 (1) certain individuals in a small employer group; or
 36 (2) a part of a small employer group.

37 (c) This section does not prohibit an eligible employee from
 38 declining coverage under this section.

39 (d) Nothing in this chapter prohibits a small employer insurer from
 40 including minimum participation and contribution requirements in its
 41 offer of coverage.

42 SECTION 9. IC 27-13-7-3, AS AMENDED BY P.L.160-2011,



1 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2019]: Sec. 3. (a) A contract referred to in section 1 of this
3 chapter must clearly state the following:

4 (1) The name and address of the health maintenance organization.

5 (2) Eligibility requirements.

6 (3) Benefits and services within the service area.

7 (4) Emergency care benefits and services.

8 (5) Any out-of-area benefits and services.

9 (6) Copayments, deductibles, and other out-of-pocket costs.

10 (7) **Subject to subsection (d)**, limitations and exclusions.

11 (8) Enrollee termination provisions.

12 (9) Any enrollee reinstatement provisions.

13 (10) Claims procedures.

14 (11) Enrollee grievance procedures.

15 (12) Continuation of coverage provisions.

16 (13) Conversion provisions.

17 (14) Extension of benefit provisions.

18 (15) Coordination of benefit provisions.

19 (16) Any subrogation provisions.

20 (17) A description of the service area.

21 (18) The entire contract provisions.

22 (19) The term of the coverage provided by the contract.

23 (20) Any right of cancellation of the group or individual contract
24 holder.

25 (21) Right of renewal provisions.

26 (22) Provisions regarding reinstatement of a group or an
27 individual contract holder.

28 (23) Grace period provisions.

29 (24) A provision on conformity with state law.

30 (25) A provision or provisions that comply with the:

31 (A) guaranteed renewability; and

32 (B) group portability;

33 requirements of the federal Health Insurance Portability and
34 Accountability Act of 1996 (26 U.S.C. 9801(c)(1)).

35 (26) That the contract provides, upon request of the subscriber,
36 coverage for a child of the subscriber until the date the child
37 becomes twenty-six (26) years of age.

38 (b) For purposes of subsection (a), an evidence of coverage which
39 is filed with a contract may be considered part of the contract.

40 **(c) An individual contract and a group contract entered into**
41 **with a small employer for the benefit of the small employer's**
42 **employees must include coverage for all of the following without**



- 1 **annual or lifetime limitations:**
- 2 **(1) Ambulatory patient services.**
- 3 **(2) Emergency services.**
- 4 **(3) Hospitalization.**
- 5 **(4) Maternity and newborn care.**
- 6 **(5) Mental health and substance use disorder services,**
- 7 **including behavioral health treatment.**
- 8 **(6) Prescription drugs.**
- 9 **(7) Rehabilitative and habilitative services and devices.**
- 10 **(8) Laboratory services.**
- 11 **(9) Preventive and wellness services and chronic disease**
- 12 **management.**
- 13 **(10) Pediatric services, including oral and vision care.**
- 14 **(d) Benefits described in subsection (c) in an individual contract**
- 15 **or a group contract described in subsection (c) may not be**
- 16 **excluded, limited, or denied because of a preexisting condition of**
- 17 **an enrollee.**
- 18 SECTION 10. [EFFECTIVE JULY 1, 2019] **(a) The legislative**
- 19 **services agency shall prepare legislation for introduction during**
- 20 **the 2020 session of the general assembly to conform the Indiana**
- 21 **Code to amendments made by this act.**
- 22 **(b) To the extent that a provision of this act is inconsistent with**
- 23 **another provision of the Indiana Code, the provision of this act**
- 24 **prevails.**
- 25 **(c) This SECTION expires July 1, 2020.**

