

SENATE BILL No. 139

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-34.5.

Synopsis: Association health plans. Permits the formation of association health plans that: (1) offer coverage to "working owners", including self-employed individuals; and (2) are offered by a "sponsoring association" that: (A) has at least one substantial business purpose other than providing health plans or other employee benefits to its employer members; and (B) is made up of employer members that share a common trade, industry, line of business, or profession or have a principal place of business within the state or in a metropolitan area encompassing part of the state.

Effective: July 1, 2021.

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January 5, 2021, read first time and referred to Committee on Health and Provider Services.



First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

SENATE BILL No. 139

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 27-1-34.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2021]:

4 **Chapter 34.5. Association Health Plans**

5 **Sec. 1. As used in this chapter, an "association health plan"**
6 **means an employee welfare benefit plan (as defined in 29 U.S.C.**
7 **1002 et seq.) that:**

- 8 (1) **is established by an association of employers; and**
9 (2) **is offered by a sponsoring association that has a**
10 **commonality of interest shared among the employer**
11 **members, meaning either:**

12 (A) **the employer members are in the same trade, industry,**
13 **line of business, or profession; or**

14 (B) **each employer member has a principal place of**
15 **business in the state or in a metropolitan area**
16 **encompassing part of the state.**

17 **Sec. 2. As used in this chapter, "employer member" means:**



1 (1) a person or entity acting directly as the employer of at
 2 least one (1) employee; or
 3 (2) a working owner;
 4 who is a participant in an association health plan.

5 Sec. 3. As used in this chapter, "multiple employer welfare
 6 arrangement" has the meaning set forth in IC 27-1-34-1(b).

7 Sec. 4. As used in this chapter, "sponsoring association" means
 8 an association of two (2) or more employer members that offers an
 9 association health plan. The sponsoring association must meet the
 10 following requirements:

11 (1) Has a constitution or bylaws that provide for all of the
 12 following:

13 (A) Regular meetings.

14 (B) Collection of dues from members.

15 (C) Operation by a board of trustees that includes an
 16 owner, partner, officer, director, or employee of at least
 17 one (1) of the employer members.

18 (2) Has at least one (1) substantial business purpose unrelated
 19 to the offering and providing of health plans or other
 20 employee benefits to its employer members and their
 21 employees.

22 Sec. 5. As used in this chapter, "working owner" means an
 23 individual:

24 (1) who has an ownership right of any nature in a trade or
 25 business, whether incorporated or unincorporated, including
 26 a partner in a partnership or a self-employed individual;

27 (2) who is earning wages from the trade or business for
 28 providing personal services to the trade or business; and

29 (3) who either:

30 (A) works on average at least twenty (20) hours per week
 31 or eighty (80) hours per month providing personal services
 32 to the trade or business; or

33 (B) has wages or self-employment income from the trade
 34 or business that are at least equal to the cost of coverage
 35 for participation by the individual and any covered
 36 beneficiaries in the association health plan in which the
 37 individual is participating.

38 Sec. 6. An association health plan that is self-insured is
 39 considered a multiple employer welfare arrangement and is subject
 40 to the requirements under IC 27-1-34.

41 Sec. 7. An association health plan that is fully insured must
 42 satisfy the requirements for group health plans under this title,



- 1 **including the following:**
- 2 **(1) Maintenance of specified contribution and reserve levels.**
- 3 **(2) Licensing.**
- 4 **(3) Registration.**
- 5 **(4) Certification.**
- 6 **(5) Financial reporting.**
- 7 **(6) Examination.**
- 8 **(7) Auditing.**
- 9 **(8) Other requirements necessary for compliance with state**
- 10 **law regarding reserves, contributions, and funding.**

