

Regular Session, 2010

HOUSE BILL NO. 717

BY REPRESENTATIVE ROY

INSURANCE/HEALTH-ACCID: Provides for conditions and prohibitions during withdrawal from health insurance markets in this state

1 AN ACT

2 To amend and reenact R.S. 22:979, 1068(C)(2)(a)(iii) and (b), 1074(C)(2)(a)(iii) and (b),
3 and 1096 and to enact R.S. 22:1068(C)(2)(c) and 1074(C)(2)(c), relative to
4 withdrawal from health insurance markets in this state; to prohibit the increase of
5 premiums and reduction of benefits during withdrawal; to require prior approval of
6 the notice of withdrawal; to clarify periods of coverage during withdrawal; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:979, 1068(C)(2)(a)(iii) and (b), 1074(C)(2)(a)(iii) and (b), and
10 1096 are hereby amended and reenacted and R.S. 22:1068(C)(2)(c) and 1074(C)(2)(c) are
11 hereby enacted to read as follows:

12 §979. Covered claim; prohibition of cancellation

13 No health and accident insurer may unilaterally cancel a policy of insurance
14 except for nonpayment of premiums, increase the premium for such policy, or reduce
15 the benefits provided by such insurance policy after receipt or notice of any covered
16 claim. The insurer may cancel the policy, as otherwise provided by law, after the
17 claimant has been discharged from treatment for that condition and no further claims
18 for that condition are expected, provided there has been no other receipt or notice of
19 claim under that policy. This Section shall not prohibit any group health and

1 accident insurer or any individual accident and health insurer from increasing its
 2 premium if the increase is applicable to all members of the group insurance plan, or
 3 all insureds who have the same individual accident and health plan or policy: except
 4 that no health insurance issuer or health maintenance organization issuing group or
 5 individual policies or subscriber agreements shall increase its premium rates or
 6 reduce covered benefits under any policy or subscriber agreement after the
 7 commencement of the minimum one-hundred-eighty-day period provided for in R.S.
 8 22:1068(C)(2)(a)(i) or 1074(C)(2)(a)(i).

9 * * *

10 §1068. Guaranteed renewability of coverage for employers in the group market

11 * * *

12 C.

13 * * *

14 (2)(a) In any case in which a health insurance issuer elects to discontinue
 15 offering all health insurance coverage in the small group market or the large group
 16 market, or both markets, in the state, health insurance coverage may be discontinued
 17 by the issuer if:

18 * * *

19 (iii) Prior to providing the notice required by Item (i) of this Subparagraph,
 20 the issuer files ~~such notice and the insurance product being discontinued~~ with the
 21 commissioner of insurance: the notice and the insurance product being discontinued
 22 for certification that the notice is in compliance with this Section. Notice shall not
 23 be issued to the insureds or enrollees until the expiration of twenty days after the
 24 notice and insurance product being discontinued have been filed unless the
 25 commissioner of insurance gives his written approval prior to that time.

26 (b) In the case of a discontinuation in the small group market or large group
 27 market under Subparagraph (a) of this Paragraph, any plan sponsor's policy or
 28 coverage that is not subject to renewal during the minimum one-hundred-eighty-day
 29 notice period shall remain in force until the renewal or termination date upon which

1 the contracted period of coverage ends. Any plan sponsor's policy or coverage
2 whose renewal date falls within the minimum one-hundred-eighty-day notice period
3 shall remain in force for one hundred eighty days from the date that the notice of
4 discontinuation was issued.

5 (c) In the case of a discontinuation under Subparagraph (a) of this Paragraph
6 in a market, the issuer may not provide for the issuance of any health insurance
7 coverage in the market and state during the five-year period beginning on the date
8 of the discontinuation of the last health insurance coverage not so renewed.

9 * * *

10 §1074. Guaranteed renewability of individual health insurance coverage

11 * * *

12 C.

13 * * *

14 (2)(a) Subject to Subparagraph (b) of this Paragraph, in any case in which
15 a health insurance issuer elects to discontinue offering all health insurance coverage
16 in the individual market in a state, health insurance coverage may be discontinued
17 by the issuer only if:

18 * * *

19 (iii) Prior to providing the notice required by Item (i) of this Subparagraph,
20 the issuer files ~~such notice and the insurance product being discontinued~~ with the
21 commissioner of insurance: the notice and the insurance product being discontinued
22 for certification that the notice is in compliance with this Section. Notice shall not
23 be issued to the insureds or enrollees until the expiration of twenty days after the
24 notice and insurance product being discontinued have been filed unless the
25 commissioner of insurance gives his written approval prior to that time.

26 (b) In the case of a discontinuation in the individual market under
27 Subparagraph (a) of this Paragraph, any individual's policy or coverage that is not
28 subject to renewal during the minimum one-hundred-eighty-day notice period shall
29 remain in force until the renewal or termination date upon which the contracted

1 period of coverage ends. Any individual's policy or coverage whose renewal date
2 falls within the minimum one-hundred-eighty-day notice period shall remain in force
3 for one hundred eighty days from the date that the notice of discontinuation was
4 issued.

5 (c) In the case of a discontinuation under Subparagraph (a) of this Paragraph
6 in the individual market, the issuer may not provide for the issuance of any health
7 insurance coverage in the market and state involved during the five-year period
8 beginning on the date of the discontinuation of the last health insurance coverage not
9 so renewed.

10 * * *

11 §1096. Health and accident insurers; rate increases

12 Health and accident insurers shall not increase their premium rates during the
13 initial twelve months of coverage and not more than once in any six-month period
14 following the initial twelve-month period, for any policy, rider, or amendment issued
15 in or for residents of the state, no matter the date of commencement or renewal of the
16 insurance coverage: except that no health insurance issuer or health maintenance
17 organization issuing group or individual policies or subscriber agreements shall
18 increase its premium rates or reduce the covered benefits under the policy or
19 subscriber agreement after the commencement of the minimum one-hundred-eighty-
20 day period described in R.S. 22:1068(C)(2)(a)(i) or 1074(C)(2)(a)(i). This Section
21 does not affect increases in the premium amount due to the addition of a newly
22 covered person or a change in age or geographic location of an individual insured or
23 policyholder or an increase in the policy benefit level.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Roy

HB No. 717

Abstract: Provides for conditions and prohibitions during withdrawal from health insurance markets in this state, including a prohibition on increasing premium rates and reducing benefits.

Present law provides for withdrawal of a health insurance issuer from the individual or small or large group health insurance market in this state and places certain conditions upon such withdrawal. Specifically requires that the health insurance issuer file prior notice with the the commissioner of insurance and requires notice to each plan sponsor and covered participants and beneficiaries at least 180 days prior to the date of such discontinuation.

Proposed law additionally requires that, prior to notice to the plan sponsor and covered participants and beneficiaries, the health insurance issuer file with the commissioner notice and the insurance product being discontinued for certification that the notice is in compliance with present law relative to withdrawal. Provides that notice shall not be issued to the insureds or enrollees until the expiration of 20 days after this filing unless the commissioner of insurance gives his written approval prior to that time.

Proposed law provides that in the case of a discontinuation in any health insurance market, any policy or coverage that is not subject to renewal during the minimum 180-day notice period shall remain in force until the renewal or termination date upon which the contracted period of coverage ends. Further provides that any policy or coverage whose renewal date falls within the minimum 180-day notice period shall remain in force for 180 days from the date that the notice of discontinuation was issued.

Proposed law also prohibits a health insurance issuer or health maintenance organization issuing group or individual policies or subscriber agreements from increasing its premium rates or reduce covered benefits under any policy or subscriber agreement after the commencement of the minimum 180-day period prior to the date of withdrawal.

(Amends R.S. 22:979, 1068(C)(2)(a)(iii) and (b), 1074(C)(2)(a)(iii) and (b), and 1096; Adds R.S. 22:1068(C)(2)(c) and 1074(C)(2)(c))