

SECOND REGULAR SESSION

SENATE BILL NO. 639

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SATER.

Pre-filed December 1, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4366S.011

AN ACT

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

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Section A. Section 376.421, RSMo, is repealed and one new section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

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

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

8 (a) The employees eligible for insurance under the policy shall be all of
9 the employees of the employer, or all of any class or classes thereof. The policy
10 may provide that the term employees shall include the employees of one or more
11 subsidiary corporations, and the employees, individual proprietors, and partners
12 of one or more affiliated corporations, proprietorships or partnerships, if the
13 business of the employer and of such affiliated corporations, proprietorships or
14 partnerships is under common control. The policy may provide that the term
15 employees shall include the individual proprietor or partners if the employer is
16 an individual proprietorship or partnership. The policy may provide that the
17 term employees shall include retired employees, former employees and directors
18 of a corporate employer. A policy issued to insure the employees of a public body
19 may provide that the term employees shall include elected or appointed officials;

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

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

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

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

32 b. The person voluntarily terminated the insurance while continuing to
33 be eligible for insurance under the policy; or

34 c. After the expiration of an open enrollment period during which the
35 person could have enrolled for the insurance or could have elected another level
36 of benefits under the policy;

37 (2) A policy issued to a creditor or its parent holding company or to a
38 trustee or trustees or agent designated by two or more creditors, which creditor,
39 holding company, affiliate, trustee, trustees or agent shall be deemed the
40 policyholder, to insure debtors of the creditor or creditors with respect to their
41 indebtedness subject to the following requirements:

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

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

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

48 c. The debtors of one or more affiliated corporations, proprietorships or
49 partnerships if the business of the policyholder and of such affiliated
50 corporations, proprietorships or partnerships is under common control;

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

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

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

61 b. The person voluntarily terminated the insurance while continuing to
62 be eligible for insurance under the policy; or

63 c. After the expiration of an open enrollment period during which the
64 person could have enrolled for the insurance or could have elected another level
65 of benefits under the policy;

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

70 (e) The insurance may be payable to the creditor or to any successor to the
71 right, title, and interest of the creditor. Such payment or payments shall reduce
72 or extinguish the unpaid indebtedness of the debtor to the extent of each such
73 payment and any excess of insurance shall be payable to the insured or the estate
74 of the insured;

75 (f) Notwithstanding the preceding provisions of this subdivision, insurance
76 on agricultural credit transaction commitments may be written up to the amount
77 of the loan commitment, and insurance on educational credit transaction
78 commitments may be written up to the amount of the loan commitment less the
79 amount of any repayments made on the loan;

80 (3) A policy issued to a labor union or similar employee organization,
81 which shall be deemed to be the policyholder, to insure members of such union
82 or organization for the benefit of persons other than the union or organization or
83 any of its officials, representatives, or agents, subject to the following
84 requirements:

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

87 (b) The premium for the policy shall be paid either from funds of the
88 union or organization or from funds contributed by the insured members
89 specifically for their insurance, or from both. Except as provided in paragraph
90 (c) of this subdivision, a policy on which no part of the premium is to be derived
91 from funds contributed by the insured members specifically for their insurance

92 must insure all eligible members, except those who reject such coverage in
93 writing;

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

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

100 b. The person voluntarily terminated the insurance while continuing to
101 be eligible for insurance under the policy; or

102 c. After the expiration of an open enrollment period during which the
103 person could have enrolled for the insurance or could have elected another level
104 of benefits under the policy;

105 (4) A policy issued to a trust, or to the trustee of a fund, established or
106 adopted by two or more employers, or by one or more labor unions or similar
107 employee organizations, or by one or more employers and one or more labor
108 unions or similar employee organizations, which trust or trustee shall be deemed
109 the policyholder, to insure employees of the employers or members of the unions
110 or organizations for the benefit of persons other than the employers or the unions
111 or organizations, subject to the following requirements:

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

126 (b) The premium for the policy shall be paid from funds contributed by the
127 employer or employers of the insured persons or by the union or unions or similar

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

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

136 (5) A policy issued to an association or to a trust or to the trustees of a
137 fund established, created and maintained for the benefit of members of one or
138 more associations. The association or associations shall have at the outset a
139 minimum of ~~[fifty]~~ **twenty-five** members; shall have been organized and
140 maintained in good faith for purposes other than that of obtaining insurance;
141 shall have been in active existence for at least two years; shall have a
142 constitution and bylaws which provide that the association or associations shall
143 hold regular meetings not less than annually to further the purposes of the
144 members; shall, except for credit unions, collect dues or solicit contributions from
145 members; and shall provide the members with voting privileges and
146 representation on the governing board and committees. The policy shall be
147 subject to the following requirements:

148 (a) The policy may insure members of such association or associations,
149 employees thereof, or employees of members, or one or more of the preceding, or
150 all of any class or classes thereof for the benefit of persons other than the
151 employee's employer;

152 (b) The premium for the policy shall be paid from funds contributed by the
153 association or associations or by employer members, or by both, or from funds
154 contributed by the covered persons or from both the covered persons and the
155 association, associations, or employer members;

156 (c) Except as provided in paragraph (d) of this subdivision, a policy on
157 which no part of the premium is to be derived from funds contributed by the
158 covered persons specifically for their insurance must insure all eligible persons,
159 except those who reject such coverage in writing;

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

162 (e) If the health benefit plan, as defined in section 376.1350, is delivered,
163 issued for delivery, continued or renewed, is providing coverage to any resident

164 of this state, and is providing coverage to sole proprietors, self-employed persons,
165 small employers as defined in subsection 2 of section 379.930, and large
166 employers, the insurer providing the coverage to the association or trust or
167 trustees of a fund established, created, and maintained for the benefit of members
168 of one or more associations may be exempt from subdivision (1) of subsection 1
169 of section 379.936 as it relates to the association plans established under this
170 section. The director shall find that an exemption would be in the public interest
171 and approved and that additional classes of business may be approved under
172 subsection 4 of section 379.934 if the director determines that the health benefit
173 plan:

- 174 a. Is underwritten and rated as a single employer;
- 175 b. Has a uniform health benefit plan design option or options for all
176 participating association members or employers;
- 177 c. Has guarantee issue to all association members and all eligible
178 employees, as defined in subsection 2 of section 379.930, of any participating
179 association member company; and
- 180 d. Complies with all other federal and state insurance requirements,
181 including but not limited to the small employer health insurance and availability
182 act under sections 379.930 to 379.952;

183 (6) A policy issued to a credit union or to a trustee or trustees or agent
184 designated by two or more credit unions, which credit union, trustee, trustees or
185 agent shall be deemed the policyholder, to insure members of such credit union
186 or credit unions for the benefit of persons other than the credit union or credit
187 unions, trustee or trustees, or agent or any of their officials, subject to the
188 following requirements:

- 189 (a) The members eligible for insurance shall be all of the members of the
190 credit union or credit unions, or all of any class or classes thereof;
- 191 (b) The premium for the policy shall be paid by the policyholder from the
192 credit union's funds and, except as provided in paragraph (c) of this subdivision,
193 must insure all eligible members;
- 194 (c) An insurer may exclude or limit the coverage on any member as to
195 whom evidence of individual insurability is not satisfactory to the insurer;

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

200 2. Group health insurance offered to a resident of this state under a group
201 health insurance policy issued to a group other than one described in subsection
202 1 of this section shall be subject to the following requirements:

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

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

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

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

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

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

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

219 3. As used in this section, insurer shall have the same meaning as the
220 definition of health carrier under section 376.1350, and "class" means a
221 predefined group of persons eligible for coverage under a group insurance policy
222 where members of a class represent the same or essentially the same hazard;
223 except that, an insurer may offer a policy to an employer that charges a reduced
224 premium rate or deductible for employees who do not smoke or use tobacco
225 products as authorized under section 290.145, and such insurer shall not be
226 considered to be in violation of any unfair trade practice, as **[defined] described**
227 in section 379.936, even if only some employers elect to purchase such a policy
228 and other employers do not.

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