

SENATE BILL NO. 705

BY SENATOR DONAHUE

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AN ACT

To amend and reenact R.S. 22:1000(A)(1) and (B), relative to health and accident insurance; to provide for group policies issued to trusts for multiple associations; to provide for coverage involving such associations and their members and employees; to provide for definition of "participating association"; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1000(A)(1) and (B) are hereby amended and reenacted to read as follows:

§1000. Group, family group, blanket, and association health and accident insurance

A. Any insurer authorized to write health and accident insurance in this state shall have power to issue policies described in this Section.

(1) Group health and accident insurance is any policy of health and accident insurance, or similar coverage issued by a health maintenance organization, covering more than one person, except family group, and blanket policies hereinafter specifically provided for, which shall conform to the following requirements:

(a)(i) The policy shall be issued to an employer or association, or trustees of a fund established by an employer, ~~or~~ association; **or a trust for multiple associations** who shall be deemed the policyholder, covering one or more employees of such employer or one or more **members or** employees of members of such association **or multiple associations**, for the benefit of persons other than the employer, ~~or~~ the association; **or the multiple associations, as well as their** its officers or trustees, upon some plan which will preclude individual selection.

(ii) The premium may be paid by the employer, ~~or~~ association **or multiple associations**, by the employees, ~~or~~ members **or employees of members**, or by the

1 two parties jointly. An insurer may but shall not be required to establish a percentage
2 of eligible employees who are required to enroll and participate in a group health and
3 accident policy if the entire premium is not paid by the employer, ~~or association~~ **or**
4 **multiple associations.**

5 (iii) If the policy is issued to any employer, any class or classes of employees
6 eligible for coverage must be determined by conditions pertaining to their
7 employment or age.

8 (iv) No such policy issued under individual certificates and considered as
9 individual insurance coverage for purposes of this Subpart and R.S. 22:984, 1061
10 through 1079, and 2247 may be issued to an association **or trust for multiple**
11 **associations** unless such association **or each participating association in the**
12 **multiple associations,** having had an active existence for at least five years, has a
13 constitution and bylaws and has been organized and is maintained in good faith for
14 purposes other than those of obtaining insurance, **does not condition membership**
15 **in the association or multiple associations on any health status-related factor**
16 **relating to an individual, including an employee of an employer or a dependent**
17 **of an employee, and does not make health insurance coverage offered through**
18 **the association or multiple associations available other than in connection with**
19 **a member of the association or multiple associations.** No such policy, issued and
20 considered as group health insurance, as defined under R.S. 22:1061(2)(c), may be
21 issued to an association, **trust for an association, or multiple associations** unless
22 ~~it is a bona fide association as defined under R.S. 22:1061(5)(b)~~ **it or each**
23 **participating association has been actively in existence for at least five years, has**
24 **been formed and maintained in good faith for purposes other than obtaining**
25 **insurance, does not condition membership in the association or multiple**
26 **associations on any health status-related factor relating to an individual,**
27 **including an employee of an employer or a dependent of an employee, and does**
28 **not make health insurance coverage offered through the association or multiple**
29 **associations available other than in connection with a member of the**
30 **association. Such individual or group policy may be issued to a trust established**

1 by an association or associations to allow multiple associations to participate.

2 (v) The insurer shall issue to the employer, ~~or association,~~ or the multiple
 3 associations for delivery to each employee or member insured under such group
 4 policy, an individual certificate containing a statement as to the insurance protection
 5 to which he is entitled and to whom payable.

6 (vi) The policy may be issued to an employer, association, a trust for
 7 multiple associations or to the trustees of a fund established by two or more
 8 employers in the same industry or by one or more labor unions, ~~or by one or more~~
 9 employers and one or more labor unions or by an association, or multiple
 10 associations, or to a multiple employer trust or multiple association trust
 11 established by an insurer on behalf of participating employers or participating
 12 associations, in the multiple associations, provided all participating employers and
 13 employees or members, or employees of members of one of the multiple
 14 participating associations have the same statutory protections that would apply if
 15 such policy was purchased by the employer, association or multiple associations
 16 directly from the insurer, which trustees shall be deemed the policyholder, to insure
 17 with or without any eligible family members including spouse, unmarried children
 18 under twenty-one years of age, and unmarried grandchildren who are in the legal
 19 custody of and residing with the grandparent under twenty-one years of age,
 20 employees of the employers, ~~or members of the association~~ or employees of
 21 members of a multiple association, or of the unions for the benefit of persons other
 22 than the employers or the unions.

23 (b) The benefits payable under any policy or contract of group health and
 24 accident insurance shall be payable to the employee, ~~or members~~ or employees of
 25 members of multiple associations or to some beneficiary or beneficiaries
 26 designated by him, other than the employer or association or multiple associations,
 27 but if there is no designated beneficiary as to all or any part of the insurance at the
 28 death of the employee, ~~or member~~ or employee of members, then the amount of
 29 insurance payable for which there is no designated beneficiary shall be payable to
 30 the estate of the employee, ~~or member~~ or employee of members, except that the

1 insurer may in such case, at its option, pay such insurance to any one or more of the
 2 following surviving relatives of the employee, ~~or member~~ **or employee of members**:
 3 wife, husband, mother, father, child, or children, brothers or sisters; and except that
 4 payment of benefits for expenses incurred on account of hospitalization or medical
 5 or surgical aid, may be made by the insurer to the hospital or other person or persons
 6 furnishing such aid. Payment so made shall discharge the insurer's obligations with
 7 respect to the amount of insurance so paid.

8 ~~(d)~~ **(c)** Except as may otherwise be provided in the policy or contract of
 9 group health and accident insurance or by R.S. 22:1012, the policyholder and the
 10 insurer may agree to modify, amend, or cancel the group policy, and such agreement
 11 shall be binding upon the employee, ~~or member,~~ **or employee of members** insured
 12 under the group policy, provided that the modification, amendment, or cancellation
 13 shall be without prejudice to any claim for benefits accrued, or for expenses incurred
 14 for services rendered, prior to such modification, amendment, or cancellation.
 15 Benefits and expenses incurred shall be as defined and limited by the terms of the
 16 policy; however, upon cancellation by the insurer, the insurer shall only be liable for
 17 any claim for benefits accrued, or for expenses incurred for services rendered,
 18 subsequent to the cancellation date if the subsequent claim is for an illness or
 19 condition which was the basis of any claim prior to cancellation and for which the
 20 insurer had notice. Any cancellation pursuant to this Paragraph shall also comply
 21 with the provisions of R.S. 22:887(F).

22 ~~(e)~~ **(d)** Except as may otherwise be provided in the policy or contract of
 23 group health and accident insurance, the insurer shall not be liable for benefits
 24 accrued, or for expenses incurred for services rendered, subsequent to the
 25 termination date where the policy of insurance terminates for failure of the group
 26 policyholder to pay premiums or where the employee's, ~~or member's,~~ **or member's**
 27 **employee's** coverage terminated for failure of the employee, ~~or member,~~ **or**
 28 **employee of members** to maintain eligibility as provided in the policy or contract
 29 of group health and accident insurance.

30 * * *

1 B.(1) The term "employees" as used in this Section shall be deemed to
 2 include, for the purposes of insurance hereunder, as employees of a single employer,
 3 the officers, managers, and employees of the employer and of subsidiary or affiliated
 4 corporations of a corporation employer, and the individual proprietors, partners, and
 5 employees of individuals and firms of which the business is controlled by the insured
 6 employer through stock ownership, contract or otherwise. The term "employer" as
 7 used herein may be deemed to include any governmental corporation, unit, agency
 8 or department thereof, or the proper officers, as such, of any unincorporated
 9 governmental organization.

10 (2) As used in this Section, "participating association" shall mean an
 11 association that has, by virtue of an affirmative vote, consensus, or similar
 12 decision in accordance with the association's bylaws or conventions, acted
 13 overtly through its staff or elected leaders, acting within the scope of their
 14 authority, to enter into an agreement with one or more other associations to be
 15 a partner in a multiple association trust on terms mutually agreeable to all
 16 associations participating in the multiple association trust.

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 PRESIDENT OF THE SENATE

 SPEAKER OF THE HOUSE OF REPRESENTATIVES

 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____