

SECOND REGULAR SESSION

# SENATE BILL NO. 1016

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WIELAND.

Read 1st time February 21, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5921S.011

## AN ACT

To repeal sections 376.421 and 376.775, RSMo, and to enact in lieu thereof two new sections relating to health insurance.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 376.421 and 376.775, RSMo, are repealed and two new  
2 sections enacted in lieu thereof, to be known as sections 376.421 and 376.775, to  
3 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

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

19 may provide that the term employees shall include elected or appointed officials;

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 members; shall have been organized and maintained in good  
140 faith for purposes other than that of obtaining insurance; shall have been in  
141 active existence for at least two years; shall have a constitution and bylaws which  
142 provide that the association or associations shall hold regular meetings not less  
143 than annually to further the purposes of the members; shall, except for credit  
144 unions, collect dues or solicit contributions from members; and shall provide the  
145 members with voting privileges and representation on the governing board and  
146 committees. The policy shall be subject to the following requirements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

          376.775. 1. No policy of accident [and] or sickness insurance shall be  
2 delivered or issued for delivery to any person in this state unless:

3           (1) The entire money and other considerations therefor are expressed  
4 therein; and

5           (2) The time at which the insurance takes effect and terminates is  
6 expressed therein, except that if the policy is delivered subject to the condition  
7 that it shall take effect when the first premium is accepted by the insurer, the

8 time at which the insurance takes effect and terminates may be expressed in the  
9 insurer's executed premium receipt which shall by reference be made a part of the  
10 policy; and

11 (3) It purports to insure only one person, except that a policy may insure,  
12 originally or by subsequent amendment, upon the application of an adult member  
13 of a family who shall be deemed to be the policyholder, any two or more eligible  
14 members of that family, including husband, wife, dependent children or any  
15 children under a specified age which shall not exceed nineteen years and any  
16 other person dependent upon the policyholder; and

17 (4) The style, arrangement and overall appearance of the policy give no  
18 undue prominence to any portion of the text, and unless every printed portion of  
19 the text of the policy and of any endorsements or attached papers is plainly  
20 printed in lightfaced type of a style in general use, the size of which shall be  
21 uniform and not less than ten-point with a lowercase unspaced alphabet length  
22 not less than one hundred and twenty-point (the "text" shall include all printed  
23 matter except the name and address of the insurer, name or title of the policy, the  
24 brief description, if any, and captions and subcaptions); and

25 (5) The exceptions and reductions of indemnity are set forth in the policy  
26 and, except those which are set forth in section 376.777, are printed, at the  
27 insurer's option, either included with the benefit provision to which they apply,  
28 or under an appropriate caption such as "EXCEPTIONS", or "EXCEPTIONS AND  
29 REDUCTIONS", provided that if an exception or reduction specifically applies  
30 only to a particular benefit of the policy, a statement of such exception or  
31 reduction shall be included with the benefit provision to which it applies; and

32 (6) Each such form, including riders and endorsements, shall be identified  
33 by a form number in the lower left-hand corner of the first page thereof; and

34 (7) It contains no provision purporting to make any portion of the charter,  
35 rules, constitution, or bylaws of the insurer a part of the policy unless such  
36 portion is set forth in full in the policy, except in the case of the incorporation of,  
37 or reference to, a statement of rates or classification of risks, or short-rate table  
38 filed with the director of the department of insurance, financial institutions and  
39 professional registration.

40 2. If any policy is issued by an insurer domiciled in this state for delivery  
41 to a person residing in another state, and if the official having responsibility for  
42 the administration of the insurance laws of such other state shall have advised  
43 the director of the department of insurance, financial institutions and



44 professional registration that any such policy is not subject to approval or  
45 disapproval by such official, the director of the department of insurance, financial  
46 institutions and professional registration may by ruling require that such policy  
47 meet the standards set forth in subsection 1 of this section and in section  
48 376.777.

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