
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

Present law provides that insurers authorized to write health and accident insurance policies in the state be allowed to issue policies described in present law. Provides that group health and accident insurance is any policy of health and accident insurance, or similar coverage issued by a health maintenance organization (HMO), covering more than one person, except family group, and blanket policies specifically provided in law, and that the group health and accident policy conforms to certain requirements.

Present law requires that the policy be issued to an employer or association, or trustees of a fund established by an employer or association who is deemed the policyholder and that it covers one or more employees or members of the employer/association for the benefit of persons other than the employer/association, its officers or trustees, upon some plan which precludes individual selection.

Proposed law retains these provisions but authorizes a trust for multiple associations to issue group health and accident policies and requires that the policy cover one or multiple associations or members and employees of members of these multiple associations.

Present law requires that the premium be paid by the employer or association, by the employees or members, or the two parties jointly. Proposed law retains these provisions but includes payment of the premium by multiple associations or members of multiple associations, or employees of members of multiple associations.

Present law prohibits an insurer from being required to establish a percentage of eligible employees who are required to enroll and participate in the group if the entire premium is not paid by the employer or association. Proposed law retains this provision but includes multiple associations when the entire premium is not paid by them.

Present law provides that no policy issued under individual certificates and considered as individual coverage for purposes of health insurance, a health benefit plan, or a community-based health care access program is to be issued to an association unless the association, having been in active existence for at least five years, has a constitution and bylaws, and has been organized and maintained in good faith for purposes other than for obtaining insurance.

Proposed law includes a trust for multiple associations in present law provisions and adds provisions that the membership in the association or multiple associations is not conditioned on any health status-related factor relating to an individual, including an employee or his dependent, and does not make coverage offered through the association or multiple associations available other than through connection with a member of the association or associations.

Present law prohibits group health insurance policies being issued to an association unless the association is a bona fide association as defined by law requiring that it be actively in existence for at least five years, have been formed and maintained in good faith for purposes other than obtaining insurance, does not condition membership on any health status-related factor, makes coverage available to all association members regardless of any health status-related factor, and does not make coverage available other than in connection with a member of the association. Proposed law retains these provisions but includes a trust for an association or multiple associations.

Present law requires issuance of individual certificates to the employer or association for delivery to their employees or members that contain statements as to the insurance protection to which they are entitled and to whom payable. Proposed law retains this requirement but includes issuance to multiple associations for delivery to their employees or members, or employees of members.

Present law authorizes issuance of policies to an employer, association, or the trustees of a fund established by two or more employers in the same industry or by one or more labor unions or to a multiple employer trust provided all participating employers and employees have the same protections that would apply if the policy were purchased by the employee directly from the insurer, which trustees are deemed the policyholder to insure with or without eligible family members including a spouse, unmarried children under age 21, and unmarried grandchildren under age 21 who are in the legal custody and residing with the grandparent, employees of the employers, or members of the association or union for the benefit of persons other than employers or unions. Proposed law retains these provisions but includes a trust for multiple associations, members of multiple associations, and employees of members of multiple associations.

Present law requires that benefits under a policy or contract of group health and accident insurance be payable to the employee or members or to a beneficiary designated by him other than the employer or, if no designated beneficiary, then to the estate of the employee/member. Provides that if no designated beneficiary, the insurer may, at its option, pay benefits to one or more of the following surviving relatives of the employee/member: wife, husband, mother, father, child, or children, brothers or sisters; and except that payment of benefits for expenses incurred on account of hospitalization or medical or surgical aid, may be made by the insurer to the hospital or other person or persons furnishing such aid. Provides that payment so made shall discharge the insurer's obligations with respect to the amount of insurance paid. Proposed law retains these provisions but includes multiple associations and employees or members of multiple associations.

Present law authorizes agreements between the policyholder and the insurer to modify, amend, or cancel the group policy and that the agreement is binding on the employee/member of the group. Proposed law retains these provisions but provides that such agreements are also binding on employees of members of the insured group.

Present law provides that except as provided under the insurance policy or contract, the insurer is

not liable for benefits accrued or expenses incurred for services rendered subsequent to termination of the group policy due to failure of the group policyholder to pay premiums or when coverage is terminated due to failure to maintain eligibility in the group as provided in the policy or contract of group health and accident insurance. Proposed law retains present law but includes the member's employees in these provisions.

Effective August 15, 2010.

(Amend R.S. 22:1000(A)(1))