

Regular Session, 2011

HOUSE BILL NO. 462

BY REPRESENTATIVE MCVEA

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/HEALTH: Provides relative to coverage of dependents

1 AN ACT

2 To amend and reenact R.S. 22:1000(A)(1)(a)(vi) and (2), 1003(A) and (C), and 1003.1(A)(1)
3 and (C), relative to health insurance; to provide with respect to coverage of
4 dependent children and grandchildren; to provide relative to conditions for such
5 coverage for certain benefits; to provide with respect to rating of such dependents;
6 and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:1000(A)(1)(a)(vi) and (2), 1003(A) and (C), and 1003.1(A)(1) and
9 (C) are hereby amended and reenacted to read as follows:

10 §1000. Group, family group, blanket, and association health and accident insurance

11 A.

12 * * *

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

17 (a)

18 * * *

19 (vi)(~~aa~~) The policy may be issued to an employer, association, a trust for
20 multiple associations, or to the trustees of a fund established by two or more

1 employers in the same industry or by one or more labor unions, by one or more
2 employers, and one or more labor unions or by an association, or multiple
3 associations, or to a multiple employer trust or multiple association trust established
4 by an insurer on behalf of participating employers or participating associations, in
5 the multiple associations, provided all participating employers and employees or
6 members, or employees of members of one of the multiple participating associations
7 have the same statutory protections that would apply if such policy was purchased
8 by the employer, association, or multiple associations directly from the insurer,
9 which trustees shall be deemed the policyholder, to insure with or without any
10 eligible family members including spouse, children until the age of twenty-six, and
11 grandchildren who are in the legal custody of and residing with the grandparent until
12 the age of twenty-six pursuant to R.S. 22:1003 and 1003.1, employees of the
13 employers, members of the association or employees of members of a multiple
14 association, or of the unions for the benefit of persons other than the employers or
15 the unions.

16 (bb) Notwithstanding any other provision of law to the contrary, coverage
17 of dependent children or grandchildren for excepted benefits and for benefits of
18 short-term medical policies shall be controlled by this Subitem with regard to
19 requirements for age. For excepted benefits, as defined in R.S. 22:1061(3)(b) and
20 (c) and for benefits of short-term medical policies, the following requirements for
21 coverage of dependent children or grandchildren shall apply:

22 (I) To an unmarried dependent child or grandchild but who is not a full-time
23 student until the age of twenty-one. A dependent grandchild shall be in the legal
24 custody of and residing with the grandparent.

25 (II) To an unmarried dependent child or grandchild who is enrolled as a full-
26 time student until the age of twenty-four. Such enrollment may be at an accredited
27 college or university or at a vocational, technical, vocational-technical, or trade
28 school or institute. Such a dependent grandchild shall be in the legal custody of and
29 residing with the grandparent.

(III) To an unmarried dependent child or grandchild who is a full-time student and who develops a mental or nervous condition, problem, or disorder which renders the child or grandchild, in the opinion of a qualified psychiatrist, subject to a second opinion if deemed necessary by the health insurance issuer or health maintenance organization, unable to attend school as a full-time student and from holding self-sustaining employment, until the age of twenty-four. A dependent grandchild shall be in the legal custody of and residing with the grandparent.

(IV) To an unmarried dependent child or grandchild who is incapable of self-sustaining employment by reason of mental retardation or physical handicap, who became so incapable prior to attainment of the age of twenty-one, there may be continuous coverage for excepted benefits regardless of age. A dependent grandchild shall be in the legal custody of and residing with the grandparent.

* * *

(2)(a) Family group health and accident insurance or similar coverage issued by a health maintenance organization is an individual policy covering any one person, with or without any eligible members, including spouse and children until the age of twenty-six, and grandchildren until the age of twenty-six who are in the legal custody of and residing with the grandparent pursuant to R.S. 22:1003 and 1003.1, except that the policy may provide for continuing coverage for any child or grandchild in the legal custody of and residing with the grandparent who is incapable of self-sustaining employment by reason of mental retardation or physical handicap, who became so incapable prior to attainment of age twenty-six, and any other person dependent upon the policyholder, written under a master policy issued to the head of such family. The policy shall contain a provision that the policy, and the application of the head of the family if attached to the policy, shall constitute the entire contract between the parties.

(b) Notwithstanding any other provision of law to the contrary, coverage of dependent children or grandchildren for excepted benefits and for benefits of short-term medical policies shall be controlled by this Subparagraph with regard to

requirements for age. For excepted benefits, as defined in R.S. 22:1061(3)(b) and (c) and for benefits of short-term medical policies, the following requirements for coverage of dependent children or grandchildren shall apply:

(i) To an unmarried dependent child or grandchild but who is not a full-time student until the age of twenty-one. A dependent grandchild shall be in the legal custody of and residing with the grandparent.

(ii) To an unmarried dependent child or grandchild who is enrolled as a full-time student until the age of twenty-four. Such enrollment may be at an accredited college or university or at a vocational, technical, vocational-technical, or trade school or institute. Such a dependent grandchild shall be in the legal custody of and residing with the grandparent.

(iii) To an unmarried dependent child or grandchild who is a full-time student and who develops a mental or nervous condition, problem, or disorder which renders the child or grandchild, in the opinion of a qualified psychiatrist, subject to a second opinion if deemed necessary by the health insurance issuer or health maintenance organization, unable to attend school as a full-time student and from holding self-sustaining employment, until the age of twenty-four. A dependent grandchild shall be in the legal custody of and residing with the grandparent.

(iv) To an unmarried dependent child or grandchild who is incapable of self-sustaining employment by reason of mental retardation or physical handicap, who became so incapable prior to attainment of the age of twenty-one, there may be continuous coverage for excepted benefits regardless of age. A dependent grandchild shall be in the legal custody of and residing with the grandparent.

* * *

§1003. Coverage of children for group and individual health and accident insurance; exception

A.(1) Children, including a grandchild in the legal custody of and residing with a grandparent, until the age of twenty-six shall be considered as dependents of the primary insured or enrollee under the provisions of any family group health and

1 accident insurance policy, group health and accident insurance policy, or similar
2 coverage issued by a health maintenance organization in this state.

3 (2) Notwithstanding any other provision of law to the contrary, coverage of
4 dependent children or grandchildren for excepted benefits and for benefits of short-
5 term medical policies shall be controlled by this Subparagraph with regard to
6 requirements for age. For excepted benefits, as defined in R.S. 22:1061(3)(b) and
7 (c) and for benefits of short-term medical policies, the following requirements for
8 coverage of dependent children or grandchildren shall apply:

9 (a) To an unmarried dependent child or grandchild but who is not a full-time
10 student until the age of twenty-one. A dependent grandchild shall be in the legal
11 custody of and residing with the grandparent.

12 (b) To an unmarried dependent child or grandchild who is enrolled as a full-
13 time student until the age of twenty-four. Such enrollment may be at an accredited
14 college or university or at a vocational, technical, vocational-technical, or trade
15 school or institute. Such a dependent grandchild shall be in the legal custody of and
16 residing with the grandparent.

17 (c) To an unmarried dependent child or grandchild who is a full-time student
18 and who develops a mental or nervous condition, problem, or disorder which renders
19 the child or grandchild, in the opinion of a qualified psychiatrist, subject to a second
20 opinion if deemed necessary by the insurer or health maintenance organization,
21 unable to attend school as a full-time student and from holding self-sustaining
22 employment, until the age of twenty-four. A dependent grandchild shall be in the
23 legal custody of and residing with the grandparent.

24 (d) To an unmarried dependent child or grandchild who is incapable of self-
25 sustaining employment by reason of mental retardation or physical handicap, who
26 became so incapable prior to attainment of the age of twenty-one, there may be
27 continuous coverage for excepted benefits regardless of age. A dependent
28 grandchild shall be in the legal custody of and residing with the grandparent.

29 * * *

1 C. The provisions of this Section shall apply to all policies issued or renewed
2 or issued for delivery in this state after September 23, 2010, except that these
3 provisions shall not apply to excepted benefits as defined in R.S. 22:1061(3)(b) and
4 (c) and to benefits of short-term medical policies.

5 §1003.1. Children; premiums; portability; enrollment; exception

6 A. In reference to R.S. 22:1003, the following shall apply:

7 (1) The premium for coverage under any family group health and accident
8 insurance policy, group health and accident insurance policy, or similar coverage
9 issued by a health maintenance organization in this state shall not increase on the
10 basis of the addition of a child or grandchild under the age of twenty-six unless there
11 are no dependent children covered under the policy prior to the addition of such child
12 or grandchild: or unless the health insurance issuer or health maintenance
13 organization rates each dependent child or grandchild utilizing a consistent and
14 uniform premium rating system that, in compliance with federal and state law, sets
15 rates according to the specific risk represented by such dependent. The health
16 insurance issuer or health maintenance organization shall apply portability rights in
17 reference to preexisting conditions to the newly added child or grandchild as
18 described in R.S. 22:1062(A) and (B). The preexisting condition waiting period
19 applicable to such child or grandchild shall be applied to the child or grandchild in
20 the same manner as any other dependent.

21 * * *

22 C. The provisions of this Section shall apply to all policies or subscriber
23 agreements issued or renewed or issued for delivery in this state after September 23,
24 2010; except that these provisions shall not apply to excepted benefits as defined in
25 R.S. 22:1061(3)(b) and (c) and to benefits of short-term medical policies.

26 Section 2. This Act shall become effective upon signature by the governor or, if not
27 signed by the governor, upon expiration of the time for bills to become law without signature
28 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.

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)]

McVea

HB No. 462

Abstract: Exempts excepted benefits and benefits of short-term medical policies from the maximum age requirement of 26 for health insurance coverage of dependent children and grandchildren under various types of policies and contracts. Also provides relative to exceptions from the prohibition against increasing premiums for addition of such a dependent child or grandchild on the basis of certain rating systems.

Present law sets the maximum age for health insurance coverage of dependent children and grandchildren for policies and contracts that provide for such dependent coverage at age 26, including but not limited to group, family group, blanket, association, or similar coverage issued by a health maintenance organization. Only exempts the Office of Group Benefits.

Present law defines excepted benefits as:

- (1) The following benefits if offered separately:
 - (a) Limited scope dental or vision benefits.
 - (b) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination of these benefits.
 - (c) Such other similar, limited benefits as specified in reasonable regulations issued by the commissioner of insurance.
- (2) The following benefits if offered as independent, non-coordinated benefits:
 - (a) Coverage only for a specified disease or illness.
 - (b) Hospital indemnity or other fixed indemnity insurance.
 - (c) Benefits not subject to requirements if offered as a separate insurance policy.
 - (d) Medicare supplemental health insurance as defined under the federal Social Security Act.
 - (e) Insurance coverage supplemental to military health benefits.
 - (f) Similar supplemental coverage provided under a group health plan.

Proposed law provides that present law for dependent health insurance coverage does not apply to excepted benefits and to benefits of short-term medical policies. Instead provides for applicability of the following age requirements and conditions for such benefits:

- (1) To an unmarried dependent child or grandchild but who is not a full-time student until the age of 21.

- (2) To an unmarried dependent child or grandchild who is enrolled as a full-time student until the age of 24. Specifies that such enrollment may be at an accredited college or university or at a vocational, technical, vocational-technical, or trade school or institute.
- (3) To an unmarried dependent child or grandchild who is a full-time student and who develops a mental or nervous condition, problem, or disorder which renders the child or grandchild, in the opinion of a qualified psychiatrist, subject to a second opinion if deemed necessary by the health insurance issuer or health maintenance organization, unable to attend school as a full-time student and from holding self-sustaining employment, until the age of 24.
- (4) To an unmarried dependent child or grandchild who is incapable of self-sustaining employment by reason of mental retardation or physical handicap, who became so incapable prior to the age of 21, optional continuous coverage, regardless of age.

Present law requires that a dependent grandchild shall be in the legal custody of and residing with the grandparent to qualify for dependent health insurance coverage.

Proposed law retains this requirement.

Present law prohibits a premium increase on the basis of the addition of a dependent child or grandchild unless there are no dependent children covered under the policy or similar coverage prior to the addition of such child or grandchild.

Proposed law additionally exempts from such prohibition when the health insurance issuer or health maintenance organization utilizes a consistent and uniform premium rating system that, in compliance with federal and state law, sets rates according to the specific risk represented by such dependent.

Proposed law exempts excepted benefits and benefits of short-term medical policies from other requirements for dependent coverage, including portability and a special enrollment period.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:1000(A)(1)(a)(vi) and (2), 1003(A) and (C), and 1003.1(A)(1) and (C))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

- 1. Added benefits of short-term medical policies to those benefits exempted from present law providing for the maximum age requirement of 26 for health insurance coverage of dependent children and grandchildren.