Regular Session, 2011

HOUSE BILL NO. 225

BY REPRESENTATIVE THIBAUT

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

INSURANCE/HEALTH: Defines a small employer for purposes of certain laws relative to rates for group health benefit plans providing coverage for employees of small employers

AN ACT

To amend and reenact R.S. 22:1091(B)(introductory paragraph) and (13), relative to health insurance; to define a small employer for the purposes of certain provisions relative to rates for health benefit plans providing coverage for employees of small employers; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1091(B)(introductory paragraph) and (13) are hereby amended and reenacted to read as follows:

§1091. Health insurance plans subject to rate limitations; definitions

* * *

B. Notwithstanding any law to the contrary, the following terms shall be defined as follows~~:~~ for purposes of this Subpart:

* * *

(13)(a) "Small employer" means any person, firm, corporation, partnership, or association actively engaged in business which, on at least fifty percent of its working days during the preceding ~~year,~~ calendar quarter, employed no less than three nor more than thirty-five eligible employees~~;~~.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

(b) If a small employer, as defined in this Paragraph, has employees in more than one state, the provisions of this Subpart shall apply to a health benefit plan issued to such small employer if either:

(i) ~~the~~ The majority of ~~whom were~~ the eligible employees of the small employer are employed within this state, ~~and~~ it is not formed primarily for purposes of buying health insurance, and in which a bona fide employer-employee relationship exists.

(ii) If no state contains a majority of eligible employees of the small employer, a business location of the small employer is in this state.

(c) In determining the number of eligible employees, companies which are affiliated companies or which are eligible to file a combined tax return for purposes of state taxation shall be considered one employer. An employer group of one shall be considered individual insurance under this Section.

* * *

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)]

Thibaut HB No. 225

Abstract: Defines "small employer" for purpose of certain laws relative to rates for health benefit plans providing coverage for employees of small employers.

Present law defines certain terms for purposes of present law relative to rates for health benefit plans which provide coverage for employees of a small employer. Defines a "small employer" as any business which, on at least 50% of its working days during the preceding year, employed no less than three nor more than 35 eligible employees and which meets each of the following criteria:

(1) The majority of its eligible employees are employed within this state.

(2) It is not formed primarily for purposes of buying health insurance.

(3) A bona fide employer-employee relationship exists.

Present law further provides that in determining the number of eligible employees, companies which are affiliated companies or which are eligible to file a combined tax return for purposes of state taxation shall be considered one employer. Also specifies that an employer group of one shall be considered individual insurance for purposes of present law.

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Proposed law instead defines a "small employer" as any business which, on at least 50% of its working days during the preceding calendar quarter, employed no less than three nor more than 35 eligible employees.

Proposed law further provides that if a small employer has employees in one state, the provisions of present law shall apply to a health benefit plan issued to such employer if either:

(1) The majority of its eligible employees are employed within this state, it is not formed primarily for purposes of buying health insurance, and a bona fide employer-employee relationship exists.

(2) A business location is in this state if no state contains a majority of its eligible employees.

Proposed law otherwise retains present law.

(Amends R.S. 22:1091(B)(intro. para.) and (13))

Summary of Amendments Adopted by House

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

1. Reinserted language requiring that if a majority of the eligible employees of the small employer are employed within this state, it is not formed primarily for purposes of buying health insurance, and a bona fide employer-employee relationship exists.

2. Required that if no state contains a majority of its eligible employees, only a business location of the small employer need be in this state, rather than its primary business location.

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