DIGEST

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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.

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.