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The original instrument was prepared by James Benton. The following digest, which does not constitute a part of the legislative instrument, was prepared by Cheryl Horne.

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## DIGEST

Peterson (SB 744)

Proposed law provides that the purpose of proposed law is to provide for the establishment of the Louisiana Health Insurance Exchange to facilitate the purchase and sale of qualified health plans in the individual market in this state and to provide for the establishment of a Small Employer Insurance Exchange to assist qualified small employers in this state in facilitating the enrollment of their employees in qualified health plans offered in the small group market. The intent of proposed law is to reduce the number of uninsured, provide a transparent consumer driven marketplace, and assist individuals with access to programs, premium assistance tax credits, and cost-sharing reductions.

Proposed law provides for definitions.

Proposed law provides that there is established the La Health Insurance Exchange as a nonprofit public corporation of the state of La., created to effectuate the public purposes provided for in proposed law.

Proposed law provides that the exchange shall operate subject to the supervision and approval of a board of directors which shall be comprised of the following members:

1. The La. Commissioner of Insurance, or his or her designee.
2. The Director of the La. Medicaid Agency, or his or her designee.
3. The State Health Officer, or his or her designee.
4. The chair of the House insurance committee, or his or her designee.
5. The chair of the Senate insurance committee, or his or her designee.
6. The chair of the House health and welfare committee, or his or her designee.
7. The chair of the Senate health and welfare committee, or his or her designee.
8. One member of the House of Representatives appointed by the speaker.
9. One member of the Senate appointed by the president pro tempore.
10. Two representatives of insurance companies that are licensed by the Department of

Insurance, specialize in health insurance, and are participating or have committed to participate in the La Health Insurance Exchange and Small Employer Insurance Exchange, one of whom shall be a not-for-profit company organized pursuant to present law, to be appointed by the speaker of the House of Representatives and one of which shall be a for-profit company to be appointed by the president pro tempore of the Senate.

11. One member who is an insurance agent or broker and who is an independent health and life agent licensed in the state and not affiliated with any health carrier or entity that delivers health care services appointed by the lieutenant governor from a list of up to three names recommended by the La. Association of Health Underwriters.
12. Two members appointed by the governor.
13. One health care provider appointed by the speaker of the House of Representatives from a list of up to three names recommended by the La. State Medical Society.
14. One member appointed by the president pro tempore of the Senate from a list of up to three names recommended by the La. Hospital Association.
15. One health care provider appointed by the speaker of the House of Representatives from a list of up to three names recommended by the La. Pharmacists' Association.
16. One health care provider appointed by the president pro tempore of the Senate from a list of up to three names recommended by the La. Dental Association.
17. One health care provider appointed by the speaker of the House from a list of up to three names recommended by the Optometry Association of La.

Proposed law provides that the board shall adopt rules governing times and places for meetings and the manner of conducting its business. The board shall not meet less frequently than once each quarter and at such other times as determined to be necessary. The first meeting of the initial members of the board shall be called by the speaker of the House of Representatives within 60 days of the effective date of proposed law.

Proposed law provides that the board shall adopt articles, bylaws, and operating rules within 90 days after the appointment of the board.

Proposed law provides that the board, pursuant to the Administrative Procedure Act, may promulgate rules necessary for the implementation and operation of the exchange and shall have the authority to enforce any and all state and federal laws and rules concerning the exchange.

Proposed law provides that the board may apply for and expend any state, federal, or private grant funds available to assist with the implementation and operation of the exchange. The board may elect to allow the exchange to apply for and expend federal grant funds on its behalf and the board may apply for and expend the funds on behalf of the exchange.

Proposed law provides that the board may contract with any and all vendors necessary to assist with the implementation and operation of the exchange.

Proposed law provides that the board may appoint an executive director who shall:

1. Be an unclassified employee of the exchange.
2. Administer all of the activities and contracts of the exchange.
3. Supervise the staff of the exchange.
4. Advise the board on all matters related to the exchange.
5. Serve at the will and pleasure of the board.

Proposed law provides that the board shall determine the appropriate compensation to be paid to the executive director. The executive director may hire additional employees necessary to operate the exchange.

Proposed law provides that the exchange shall:

1. In cooperation with the Department of Insurance and the Medicaid Agency, create and maintain an Internet website through which enrollees and prospective enrollees of qualified health plans and qualified dental plans may obtain standardized comparative information on such plans and enroll in such plans.
2. Use a standardized format for presenting health benefit options in the exchange.
3. Facilitate the purchase and sale of qualified health plans.
4. Establish a Small Employer Insurance Exchange through which qualified employers may access coverage for their employees.
5. As deemed necessary by the board, create advisory committees to the board consisting of stakeholders relevant to carrying out the activities required under this act.

Proposed law provides that the exchange may do both of the following:

1. Contract with an eligible entity to perform any of its functions described in proposed law. An eligible entity includes, but is not limited to, an entity that has experience in individual and small group health insurance, benefit administration, or other experience relevant to the responsibilities to be assumed by the entity.
2. Enter into information-sharing agreements with state agencies to carry out its responsibilities under proposed law provided such agreements include adequate

protections with respect to the confidentiality of the information to be shared and comply with all state and federal laws, rules, and regulations.

Proposed law provides that the exchange may not do either of the following:

1. Regulate health insurers, health insurance plans, or health insurance producers.
2. Act as an appeals entity for resolving disputes between a health insurer and an insured.

Proposed law provides that the exchange shall meet the following financial integrity requirements:

1. Keep an accurate accounting of all activities, receipts, and expenditures and annually submit to the governor, the commissioner, and the legislature a written report concerning the accountings by December 1<sup>st</sup> of each year.
2. In carrying out its activities under proposed law, not use any funds intended for the administrative and operational expenses of the exchange for staff retreats, promotional giveaways, excessive executive compensation, or promotion of state legislative and regulatory modifications.

Proposed law provides that nothing in proposed law, shall be construed to preempt or supersede the authority of the Commissioner of Insurance to regulate the business of insurance within this state. Except as expressly provided to the contrary in proposed law, all health insurance carriers offering qualified health plans in this state shall comply fully with all applicable health insurance laws of this state and rules adopted and orders issued by the department.

Proposed law requires that the budget of the exchange be subject to approval by the Joint Legislative Committee on the Budget.

Proposed law provides that if the Patient Protection and Affordable 27 Care Act (Public Law 111-148), or any part thereof requiring the operation of the exchange provided in proposed law, is repealed, defunded, or declared unconstitutional by the United States Supreme Court, proposed law shall be repealed.

Effective January 1, 2013.

(Adds R.S. 22:3401 through 3407)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Requires the budget of the exchange to be subject to the approval by the Joint

Legislative Committee on the Budget.

2. Changes the effective date to January 1, 2013.