The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Horne.

DIGEST

SB 171 Original

2015 Regular Session

Morrish

<u>Present law</u> defines a self-insurance plan as any contract, plan, trust, arrangement, or other agreement which is established or maintained to offer or provide health care services, indemnification, or payment for health care services, or health and accident benefits to employees of two or more employers, but which is not fully insured. Provides that these contracts, plans, trusts, arrangements, or agreements shall be deemed "fully insured" only if the services, indemnification, payment, or benefits are guaranteed under a contract or policy of health insurance issued by an insurer authorized to transact business in this state.

<u>Proposed law</u> defines claims liability as the total of all incurred and unpaid claims for allowable benefits under a self-insurance plan, including a multiple employer welfare arrangement, that are not reimbursed or reimbursable by excess of loss insurance, subrogation, or other sources.

<u>Proposed law</u> defines reserves as the excess of the assets of a self-insurance plan, including a multiple employer welfare arrangement, minus the liabilities of the plan. Provides that liabilities of a self-insurance plan include the claims liability of the plan.

<u>Present law</u> requires all self-insurers, before receiving a certificate of authority, to deposit with the commissioner a safekeeping or trust receipt from a bank doing business within the state or from a savings and loan association chartered to do business in this state indicating that the self-insurer has deposited cash, or bonds of the United States, the state of Louisiana, or any political subdivision of the state, of the par value of not less than \$100,000.

Proposed law reduces the amount of cash or bonds to \$50,000.

<u>Present law</u> requires self-insured trusts to maintain at all times unimpaired net assets of not less than \$1,000,000.

<u>Proposed law</u> requires self-insured trusts to maintain at all times during the first year of operations unimpaired net assets of not less than \$150,000. Further requires a self-insurer to establish by the end of the first year of operations of the arrangement and as of the end of each year reserves equal to at least 30% of the unpaid claims liability of the plan.

<u>Proposed law</u> requires self-insured trusts to have applications from not less than two employers and plan to provide similar benefits for not less than 100 participating employees. Further requires contribution rates that equal or exceed the sum of projected claims liability for the year, plus all projected costs of operation of the plan for the year, plus an amount equal to any deficiency in the reserves of the plan for the prior year, minus an amount equal to the reserves of the plan in excess of the minimum required level of reserves. Contribution rates shall equal or exceed a funding level

established by a report prepared by an actuarial firm.

<u>Present law</u> requires a board of trustees elected by the participating employers to serve as fund managers on behalf of participants and that trustees be plan participants.

<u>Proposed law</u> requires trustees to be elected by participating employers, or, if the self-insurance plan operates for the benefit of employers who are all part of the same association, then the trustees may be elected by association members who are plan participants.

<u>Present law</u> requires a plan to submit its proposed excess or stop-loss insurance contract to the commissioner at least 30 days prior to the proposed self-insurance plan's effective date and at least 30 days subsequent to any renewal date.

<u>Proposed law</u> requires a plan to submit its proposed excess or stop-loss insurance contract to the commissioner at least 30 days prior to the proposed self-insurance plan's effective date and at least 30 days prior to any subsequent renewal date.

Effective August 1, 2015.

(Amends R.S.22:454(A), 458, and 459(A); adds R.S. 22:452(4) and (5))