

2025 Regular Session

SENATE BILL NO. 16

BY SENATOR MCMATH

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

HEALTH/ACC INSURANCE. Provides relative to health stop-loss insurance. (8/1/25)

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AN ACT

To enact R.S. 22:883(H) and (I), relative to health stop-loss insurance; to provide for the issuance of health stop-loss insurance coverage; to provide for criteria for health stop-loss plans issued to small employers; to provide for disclosure of certain information; to provide for policy applicability; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:883(H) and (I) are hereby enacted to read as follows:

§883. Stop-loss insurance coverage

* * *

H.(1) Health stop-loss insurance issued in connection with an employee benefit plan of a small employer as defined in R.S. 22:1061 shall be issued on or after January 1, 2026, only if the policy of insurance satisfies all of the following:

(a) Contains no provision permitting or authorizing the adjustment of specific deductibles or attachment points of a plan member or of specific diseases or conditions.

(b) Is not subject to renewal rate increases exceeding the medical care

1 index of the consumer price index plus fifty percent, unless an increase greater
2 than fifty percent is actuarially justified.

3 (c) Has a contract term with guaranteed rates for at least twelve months,
4 without adjustment, unless there is a change in the benefits provided under the
5 small employer's health plan during the contract period.

6 (d) Includes both a specific attachment point and an aggregate
7 attachment point in a contract.

8 (e) Aligns stop-loss plan benefit limitations and exclusions with a small
9 employer's health plan benefit limitations and exclusions, including any annual
10 or lifetime limits in the employer's health plan.

11 (f) Pays stop-loss claims incurred during the contract period and paid
12 within forty-eight months after the expiration date of the contract.

13 (g) Includes provisions to cover incurred and unpaid stop-loss claims
14 when the small employer's stop-loss plan terminates.

15 (2) The provisions of this Subsection shall not apply to any policy in
16 effect prior to January 1, 2026.

17 I.(1) Any health stop-loss policy issued after January 1, 2026, shall
18 include a separate disclosure form explaining the limitations of coverage,
19 potential employer risk, and impact of claims on renewals. The employer shall
20 sign the disclosure form prior to purchasing the policy.

21 (2) The commissioner of insurance shall develop a standardized
22 disclosure form no later than November 1, 2025.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, 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)]

DIGEST

SB 16 Reengrossed

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McMath

Present law provides requirements for insurers that issue stop-loss insurance.

Present law defines a small employer, in connection with a group health plan, as an employer who employed an average of not more than 50 employees on business days during the preceding calendar year and who employs at least one employee on the first day of the

plan year.

Proposed law provides conditions for issuance of health stop-loss insurance policies issued in connection with employee benefit plans issued on or after January 1, 2026, to a small employer as defined in present law.

Proposed law requires any health stop-loss policy issued after January 1, 2026, include a separate disclosure form, developed by the commissioner, containing the limitations of coverage, employer risk, and impact of claims on renewals, and signed by the employer.

Effective August 1, 2025.

(Adds R.S. 22:883(H) and (I))

Summary of Amendments Adopted by Senate

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

1. Place conditions on the issuance of health stop-loss insurance in connection with employee benefit plans of small employers.
2. Remove provisions applicable to large employers.
3. Change effective date.
4. Make technical changes.

Senate Floor Amendments to engrossed bill

1. Remove requirements that policies be issued by only certain entities and be subject to certain state and federal laws.
2. Provide proposed law is applicable only to policies issued after January 1, 2026.
3. Change maximum renewal rate increase from the medical care index of the consumer price index plus 15% to plus 50%.
4. Add additional conditions policy must meet to be issued after January 1, 2026.
5. Require separate disclosure form for policies issued after January 1, 2026.
6. Make technical changes.