

2016 Regular Session

HOUSE BILL NO. 596

BY REPRESENTATIVE HUVAL

INSURERS/AGENTS: Provides for notification and effectiveness of a material change in a contract between a health insurance issuer and a producer

1 AN ACT

2 To enact R.S. 22:1569, relative to contracts between a health insurance issuer and a
3 producer; to provide for notification and effectiveness of a material change in such
4 a contract; to provide for definitions; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1569 is hereby enacted to read as follows:

7 §1569. Contract with health insurance issuer; notification

8 A. A material change made by a health insurance issuer to the terms and
9 conditions of a contract between the health insurance issuer and a producer shall not
10 become effective until the health insurance issuer has delivered to the producer, at
11 least ninety days prior to the effective date of the change, written or electronic notice
12 indicating the change or changes to the contract. For purposes of this Section, a
13 "material change" is a change made to a provision of the contract affecting any of the
14 following:

15 (1) Commissions, bonuses, and incentives paid to the producer.

16 (2) Right of survivorship.

17 (3) Indemnification of the producer by the health insurance issuer.

18 (4) Errors and omissions coverage requirements for the producer.

19 B. Subsection A of this Section shall not apply under either of the following
20 circumstances:

1 (1) When the change to the contract is mutually agreed upon by the health
2 insurance issuer and the producer.

3 (2) When the change to the contract is required by state or federal law.

4 C. For purposes of this Section:

5 (1) "Health benefit plan" means a policy, contract, certificate , or agreement
6 entered into, offered, or issued by a health insurance issuer to provide, deliver,
7 arrange for, pay for, or reimburse any of the costs of healthcare services. "Health
8 benefit plan" shall not include a plan providing coverage for excepted benefits as
9 defined in R.S. 22:1061 and short-term policies that have a term of less than twelve
10 months.

11 (2) "Health insurance issuer" means an entity subject to the insurance laws
12 and regulations of this state, or subject to the jurisdiction of the commissioner, that
13 contracts or offers to contract to provide, deliver, arrange for, pay for, or reimburse
14 any of the costs of healthcare services, including through a health benefit plan as
15 defined in this Section, and shall include a sickness and accident insurance company,
16 a health maintenance organization, a preferred provider organization or any similar
17 entity, or any other entity providing a plan of health insurance or health benefits.

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)]

HB 596 Original

2016 Regular Session

Huval

Abstract: Provides for notification and effectiveness of a material change in a contract between a health insurance issuer and a producer.

Proposed law provides that a material change made by a health insurance issuer to the terms and conditions of a contract between such issuer and a producer shall not become effective until the issuer has delivered written or electronic notice to the producer at least 90 days prior to the effective date of the change.

Proposed law further provides that it shall not apply when the change to the contract is mutually agreed upon by the health insurance issuer and the producer or when the change to the contract is required by state or federal law.

Proposed law defines a "material change" as a change made to a provision of the contract affecting: commissions, bonuses, and incentives paid to the producer; right of survivorship;

indemnification of the producer by the health insurance issuer; and errors and omissions coverage requirements for the producer.

Proposed law further defines the terms "health benefit plan" and "health insurance issuer".

(Adds R.S. 22:1569)