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## DIGEST

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HB 472 Re-Reengrossed

2018 Regular Session

Thibaut

**Abstract:** Creates the La. Health Reinsurance Assoc. and authorizes the commissioner of insurance to assess a fee on behalf of the association.

Proposed law sets forth legislative findings and the purpose of proposed law.

Proposed law defines "association member", "group market", "individual market", "major medical insurance", and "marketplace".

Proposed law establishes the La. Health Reinsurance Assoc. as a nonprofit entity for the purpose of stabilizing the individual health insurance market. Provides for the legal domicile of the association, supervision by the commissioner of insurance, financial duties and powers, and meeting requirements.

Proposed law provides that the board of directors of the association shall consist of one representative appointed by the commissioner, who shall be a resident of the state of La., and six members elected by various groups of association members.

Proposed law provides for the filling of vacancies on the board, regular election of board members, reimbursement for reasonable expenses, and authority of the board.

Proposed law provides for the powers and duties of the association and establishes venue for a suit against the association.

Proposed law requires the board of directors, for the purposes of providing the funds necessary to carry out the powers and duties of the association, to formally advise the commissioner of the frequency and amount of any proposed fee assessment. Proposed law further requires the commissioner, upon determination that the advice of the board is reasonable and necessary, to promulgate the fee assessment.

Proposed law provides that the purpose of the assessment is to provide reinsurance to association members in the individual market.

Proposed law provides for the maximum fee assessment amount, the procedures for payment or payment in protest of the fee assessment, and the revocation of a fee assessment.

Proposed law provides for the powers of the commissioner of insurance including sanctioning an

association member and the suspension or revocation of an association member's authority to do business in this state for failure to pay a fee assessment.

Proposed law provides for the interim powers of the commissioner of insurance prior to establishment of the association and the election of the board of directors.

Proposed law provides for limited liability for actions performed pursuant to proposed law.

Proposed law authorizes any association member required to pay a fee assessment, if the association member has not accounted for the fee assessment in its rate assumptions or contracted terms for any calendar or plan year, to increase premiums, or administrative fees in the case of a third-party administrator, during the plan or policy year in direct proportion of the cost of the fee assessment to the association member.

Present law defines "third-party administrators" and provides exceptions to the definition.

Proposed law retains present law but repeals the exception for a person who acts solely as an administrator of one or more bona fide employee benefit plans established by an employer or an employee organization, or both, for which the insurance laws of this state are preempted pursuant to federal law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 22:2461-2471; Repeals R.S. 22:1641(1)(j))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Delete proposed law relative to health care sharing ministries.
2. Decrease the per member per month fee from \$5.00 to \$2.50.
3. Make technical changes.

The Committee Amendments Proposed by House Committee on House and Governmental Affairs to the engrossed bill:

1. Limit the exclusion of the coverage of the Office of Group Benefits from the association and its fee assessment to the coverage offered to retirees.
2. Apply the fee assessment to the coverage offered by the Office of Group Benefits to active employees and dependents, but specify that the fee assessment shall not be paid by any state agency, including the office, but shall be paid by the active employees and collected in the same manner as active employee contributions are collected.

3. Remove the tax exemption for the association from payment of fees and taxes levied by the state or any of its subdivisions.
4. Remove the Public Records Law exemption including specific provisions regarding confidential, trade secret, and proprietary documents and information.
5. Remove specific provisions regarding executive sessions of the association.

The House Floor Amendments to the reengrossed bill:

1. Clarify that all excepted benefits as defined in present law are excluded from the definition of major medical insurance.
2. Clarify that the fee assessment maximum applies to every person covered by major medical.
3. Change the due date for fee assessments from not less than 30 days from the date of promulgation to no sooner than 90 days from the date of promulgation.
4. Provide that the due date in proposed law applies only if the fee promulgation does not specify a due date.
5. Clarify that the per-member per-month population comprises all members provided major medical insurance or similar coverage.
6. Make technical changes.