



House of Representatives

File No. 628

General Assembly

January Session, 2003

(Reprint of File No. 262)

House Bill No. 5499
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 2, 2003

AN ACT CONCERNING HEALTH INSURANCE UNDERWRITING AND BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-481 of the general statutes is amended by
2 adding subsection (h) as follows (*Effective October 1, 2003*):

3 (NEW) (h) No insurance company, fraternal benefit society,
4 hospital service corporation, medical service corporation, health care
5 center or other entity which delivers, issues for delivery, amends,
6 renews or continues an individual health insurance policy in this state
7 on or after October 1, 2003, may (1) move an insured individual from a
8 standard underwriting classification to a substandard underwriting
9 classification after the policy is issued; or (2) increase premium rates
10 due to the claim experience or health status of an individual who is
11 insured under the policy, except that the entity may increase premium
12 rates for all individuals in an underwriting classification due to the
13 claim experience or health status of the underwriting classification as a
14 whole.

15 Sec. 2. Section 38a-531 of the general statutes is repealed and the

16 following is substituted in lieu thereof (*Effective October 1, 2003*):

17 (a) For purposes of this section: (1) "Employer" means any person,
 18 firm, corporation, limited liability company, partnership or association
 19 engaged in business who has employees in this state; (2) "employee"
 20 means any person engaged in service to an employer in a business of
 21 [his] an employer; and (3) "continued" or "continuance date" means the
 22 anniversary date of the issuance of a policy after which the policy
 23 remains in effect until cancelled.

24 (b) Notwithstanding any other provisions of the general statutes,
 25 [every] each group health insurance policy providing coverage of the
 26 type specified in subdivisions (1), (2) and (4) of section 38a-469
 27 delivered, issued for delivery, renewed or continued in any other state
 28 [on or after October 1, 1988,] offered by an employer, shall provide to
 29 covered employees of such employer employed in this state [coverage
 30 which meets the requirements of sections 38a-514, 38a-516, 38a-518,
 31 38a-520, 38a-525, 38a-526, 38a-533 and 38a-538; and every such policy
 32 delivered, issued for delivery, renewed or continued in any other state
 33 on or after October 1, 1989, offered by an employer shall provide to
 34 such employees coverage which meets the requirements of section 38a-
 35 503; and every such policy delivered, issued for delivery, renewed or
 36 continued in any other state on or after October 1, 1990, offered by an
 37 employer shall provide to such employees coverage which meets the
 38 requirements of section 38a-535,] whenever, on the initial effective date
 39 of such policy or any renewal or continuance date thereafter, fifty-one
 40 per cent or more of the covered employees [under such policy] of such
 41 employer are employed in this state, coverage that meets the
 42 requirements of this title. The forms of such policies shall be submitted
 43 to the Insurance Commissioner for approval.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Insurance Dept.; Comptroller Misc. Accounts (Fringe Benefits)	Various - None	None	None

Municipal Impact: None

Explanation

The bill does not affect state and municipal employers and has no fiscal impact.

House "A" made various alterations in the bill that did not have a fiscal impact.

OLR Bill Analysis

HB 5499 (File 262, as amended by House "A") *

AN ACT CONCERNING HEALTH INSURANCE UNDERWRITING**SUMMARY:**

This bill prohibits, with one exception, insurers, fraternal benefit societies, hospital and medical service corporations, HMOs, and other entities from (1) moving an insured from a standard underwriting classification to a substandard underwriting classification after the policy is issued or (2) increasing an insured's premium because of his claims experience or health status. The bill authorizes an insurer to increase premium for an insured's underwriting classification only when the entire underwriting classification is subject to the increase because of underwriting classification's claim experience or health status as a whole.

The bill also broadens coverage for certain employees by requiring group policies offered by employers to satisfy all benefit requirements, instead of the 10 benefits specified under current law. The new benefit requirements apply to a covered employee group where 51% of the employees are employed in Connecticut.

*House Amendment "A" rewrote the section prohibiting insurers from placing an insured in a standard underwriting classification in a substandard underwriting classification after the policy is issued. The original bill prohibited placing the insured in a less favorable underwriting classification when the policy is renewed.

EFFECTIVE DATE: October 1, 2003

INDIVIDUAL POLICIES

The bill prohibits, after an individual policy has been issued, the insurer from moving the insured from a standard underwriting classification to a substandard underwriting classification.

GROUP POLICIES

The bill increases the number of mandated benefits that apply to group policies covering Connecticut employees under an employer-sponsored health insurance plan. Under current law, such policies must cover only 10 specific benefits. The bill increases the total number of benefits requiring coverage to 40.

The group policy must pay basic hospital, medical, and major medical expenses, and on or after October 1, 2003, be delivered, issued for delivery, renewed, or continued in another state where 51% of the employees covered under the policy are employed in Connecticut.

MANDATED BENEFIT COVERAGE UNDER GROUP POLICY

Current law requires coverage for the 10 benefits below denoted with an asterisk (*). The bill requires coverage for the additional 30:

1. preexisting medical condition
2. mental and nervous condition*
3. mentally or physically handicapped children
4. newborn infants*
5. early intervention services
6. accidental ingestion of a controlled drug*
7. hypodermic needles and syringes
8. cancer drugs
9. prescription foods
10. diabetes
11. home health care*
12. comprehensive rehabilitation services
13. occupational therapy
14. ambulance service*
15. emergency services and care
16. physician assistants and nurse practitioner services*
17. complications of alcoholism*
18. veterans
19. mammography*
20. people with breast cancer histories
21. direct access to OB GYNs
22. maternity and postpartum care
23. mastectomy of lymph node dissection
24. preventive pediatric care*
25. dependent and employee
26. tumors and leukemia and breast implant removal and

- reconstruction
27. chiropractic services
 28. continuation, extension, and conversion rights*
 29. maternity benefit continuation
 30. prospective adoptive children
 31. prescription birth control
 32. diabetes self-management training
 33. lyme disease
 34. prostate cancer screening
 35. in-hospital dental services
 36. ostomy
 37. pain management
 38. cancer clinical trials
 39. colon cancer screening
 40. hearing aids

BACKGROUND

Underwriting Classification

Underwriting classification refers to the factors insurers consider in rating an applicant for insurance. The standard underwriting classification considers the insured's age, gender, occupation, marital status and geographic location. A substandard underwriting classification may also consider an insured's claims experience or health status in developing a premium rate.

Legislative History

On April 14, the House referred the bill to the Labor and Public Employees Committee. On April 15, the committee reported the bill favorably without change.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 16 Nay 0

Labor and Public Employee Committee

Joint Favorable Report
Yea 12 Nay 1