



Senate

General Assembly

File No. 371

January Session, 2019

Senate Bill No. 902

Senate, April 3, 2019

The Committee on Insurance and Real Estate reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING HIGH DEDUCTIBLE HEALTH PLANS.

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

1 Section 1. (NEW) (*Effective January 1, 2021*) (a) For the purposes of
2 this section:

3 (1) "Family coverage" has the same meaning as provided in Section
4 220 or Section 223 of the Internal Revenue Code;

5 (2) "Health carrier" has the same meaning as provided in section
6 38a-1080 of the general statutes;

7 (3) "High deductible health plan" has the same meaning as provided
8 in Section 220 or Section 223 of the Internal Revenue Code;

9 (4) "Internal Revenue Code" means the Internal Revenue Code of
10 1986, or any subsequent corresponding internal revenue code of the
11 United States, as amended from time to time;

12 (5) "Qualified high deductible health plan" means a high deductible

13 health plan (A) that imposes an annual deductible that is not less than
14 the minimum amount necessary for such plan to qualify as a high
15 deductible health plan, and (B) regardless of whether such plan (i) is
16 used to establish a medical savings account or an Archer MSA
17 pursuant to Section 220 of the Internal Revenue Code, or a health
18 savings account pursuant to Section 223 of the Internal Revenue Code,
19 or (ii) caps annual out-of-pocket expenses in the amount specified by
20 the Internal Revenue Service, or any successor agency, for high
21 deductible health plans; and

22 (6) "Self-only coverage" has the same meaning as that term is used
23 in Section 220 or Section 223 of the Internal Revenue Code.

24 (b) Notwithstanding any provision of the general statutes, each
25 qualified high deductible health plan that is delivered, issued for
26 delivery, renewed, amended or continued in this state on or after
27 January 1, 2021, shall:

28 (1) Apply the annual deductible for such plan on a calendar year
29 basis, provided if coverage under such plan becomes effective at any
30 time other than January first, such annual deductible shall:

31 (A) Be prorated to reflect:

32 (i) The portion of the calendar year during which coverage under
33 such plan is effective; and

34 (ii) A deduction in an amount that is equal to the amount of all
35 payments that each individual covered under such plan paid during
36 any portion of the calendar year, other than the portion of the calendar
37 year described in subparagraph (A)(i) of this subdivision, toward the
38 deductible for another high deductible health plan, provided such
39 covered individual provides written evidence to the health carrier that
40 delivers, issues, renews, amends or continues such plan that is
41 sufficient to prove that such covered individual made such payments;
42 and

43 (B) Provide deductions for the cost of all covered benefits that are

44 provided to a covered individual under such plan and subject to such
 45 deductible, regardless of the network status of the health care provider
 46 that provided such benefits, in an amount that is equal to the lesser of
 47 (i) the amount the covered individual paid for such benefits, or (ii) if
 48 such benefits were provided out-of-network, the in-network amount
 49 the covered individual would have paid for such benefits; and

50 (2) Not apply an increased annual deductible for such plan solely
 51 because such plan provides family coverage and not self-only
 52 coverage, and, if such plan provides family coverage, apply the same
 53 deductible regardless of the size of the covered family.

54 (c) The provisions of subsection (b) of this section shall apply to the
 55 maximum extent permitted by federal law, except if a qualified high
 56 deductible health plan is used to establish a medical savings account or
 57 an Archer MSA pursuant to Section 220 of the Internal Revenue Code
 58 or a health savings account pursuant to Section 223 of the Internal
 59 Revenue Code, the provisions of said subsection shall apply to the
 60 maximum extent that does not disqualify such account for the
 61 deductions allowed under said sections.

62 (d) The Insurance Commissioner may adopt regulations, in
 63 accordance with the provisions of chapter 54 of the general statutes, to
 64 implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2021	New section

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	Potential Cost	None	See Below

Explanation

The bill places requirements on high deductible health plans, effective January 1, 2021, that are likely to increase the cost of premiums for such plans. The increase in premiums will be mitigated insofar as implementation of the requirements is precluded under federal law or limited to protect the tax-exempt status of health savings accounts (HSA) or medical savings accounts (MSA) that frequently accompany high deductible health plans.

There will be a cost to municipalities that offer health insurance to their employees through high deductible health plans in FY 21 to the extent the bill results in higher premiums to offer the same level of coverage.

The Out Years

The annualized ongoing fiscal impact identified above will continue and be recognized in future premiums.

OLR Bill Analysis**SB 902*****AN ACT CONCERNING HIGH DEDUCTIBLE HEALTH PLANS.*****SUMMARY**

This bill requires health carriers that deliver, issue, renew, amend, or continue a high deductible health plan (HDHP) on or after January 1, 2021 to:

1. apply deductibles on a calendar year basis;
2. pro-rate deductibles for coverage beginning after January 1; and
3. if an insured was covered by a different HDHP during the calendar year, apply payments he or she can provide written evidence of making to the prior plan's deductible towards his or her current deductible.

The bill also requires insurers to provide deductions (presumably, to an insured's deductible) equal to the cost of all covered benefits, regardless of whether the health care provider was in- or out-of-network. The deductions must be the lesser of the amount the individual paid for the benefits or, if the provider was out-of-network, the amount he or she would have paid if the provider were in-network.

The bill also prohibits an HDHP from applying:

1. different deductibles based on family size, for plans offering family coverage (i.e., coverage for more than just the individual); and
2. an increased deductible solely because the plan provides family coverage rather than self-only coverage.

The bill's provisions apply to the maximum extent permitted by federal law and that does not disqualify an individual that establishes a Health Savings Account (HSA) or Archer Medical Savings Account (MSA) from receiving the federal tax benefits associated with those accounts. (Under federal law, individuals with HDHPs may make pre-tax contributions to HSAs or Archer MSAs and use the accounts for qualified medical expenses. HDHPs must meet certain federal guidelines to qualify).

The bill allows the insurance commissioner to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2021

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 11 Nay 9 (03/14/2019)