File No. 248

House Bill No. 5626

House of Representatives, March 31, 1998. The Committee on Insurance and Real Estate reported through REP. AMANN, 118th DIST., Chairman of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING MEDICAL SAVINGS ACCOUNTS.

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

Section 1. (NEW) A "high deductible health plan", as defined in Section 220(c)(2) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, used to establish a "medical savings account" pursuant to Section 220 of said Internal Revenue Code, shall be exempt from the provisions of subsection (f) of section 38a-493 of the general statutes, as amended by this act, and subsection (f) of section 38a-520 of the general statutes, as amended by this act.

Sec. 2. Subsection (f) of section 38a-493 of the general statutes is repealed and the following is substituted in lieu thereof:

(f) [Home] EXCEPT AS PROVIDED IN SECTION 1 OF THIS ACT, HOME health care benefits may be subject to an annual deductible of not more than fifty dollars for each person covered under a policy and may be subject to a coinsurance provision which provides for coverage of not less than seventy-five per cent of the reasonable charges for such services. Such policy may also contain reasonable limitations and exclusions applicable to home health care coverage.

Sec. 3. Subsection (f) of section 38a-520 of the general statutes is repealed and the following is substituted in lieu thereof:

(f) [Home] EXCEPT AS PROVIDED IN SECTION 1 OF THIS ACT, HOME health care benefits may be subject to an annual deductible of not more than fifty dollars for each person covered under a policy and may be subject to a coinsurance provision which provides for coverage of not less than seventy-five per cent of the reasonable charges for such services. Such policy may also contain reasonable limitations and exclusions applicable to home health care coverage.

Sec. 4. This act shall take effect July 1, 1998.

INS COMMITTEE VOTE: YEA 15 NAY 3 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF 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 HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER HB 5626

STATE IMPACT	None, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Insurance

EXPLANATION OF ESTIMATES:

The bill exempts high deductible health insurance plans as defined under the Internal Revenue Code and used to establish medical savings accounts from the $50 limit on any home health care benefit deductible in individual and group health insurance policies.

The bill does not add any workload to the Department of Insurance.

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OLR BILL ANALYSIS

HB 5626

AN ACT CONCERNING MEDICAL SAVINGS ACCOUNTS

SUMMARY: This bill exempts high-deductible health insurance plans as defined under the Internal Revenue Code and used to establish medical savings accounts from the $50-limit on any home health care benefit deductible in individual and group health insurance policies.

EFFECTIVE DATE: July 1, 1998

BACKGROUND

Federal Pilot Program

Federal law created a four-year pilot program allowing 750,000 medical savings accounts annually. They are available to self-employed people and employees of small businesses who are covered under an employer-sponsored, high-deductible plan. The deductible must be between $1,500 and $2,250 for individuals and $3,000 and $4,500 for families. Contributions, whether from the employer or the policyholder, may be up to 65% of the deductible for individuals and 75% for families. Money in the account may be withdrawn tax-free to pay most medical expenses, including insurance premiums. Nonmedical withdrawals are subject to a 15% penalty. After age 65, the money can be withdrawn for any purpose.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 18 Nay 0