

The Senate Insurance and Labor Committee offered the following substitute to HB 619:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to
2 provide for the issuance of group accident and sickness insurance under a franchise group
3 plan; to provide for definitions; to provide for conversion, portability, and continuation; to
4 provide for related matters; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

6 Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended by
7 striking subparagraphs (K) and (L) of paragraph (1) of subsection (a) of Code Section
8 33-24-21.1, relating to group accident and sickness contracts, and inserting in lieu thereof
9 new subparagraphs (K), (L), and (M) to read as follows:
10

11 "(K) A public health plan; or
12 (L) A Peace Corps Act health benefit plan; or
13 (M) A franchise group plan policy or certificate of coverage issued on an individual
14 basis to a member of a franchise association pursuant to the provisions of subsection
15 (c) of Code Section 33-30-1."

SECTION 2.

16 Said title is further amended by adding a new subsection (c) to Code Section 33-30-1,
17 relating to definitions of group accident and sickness insurance, to read as follows:
18

19 "(c)(1) As used in this subsection, the term:
20 (A) 'Franchise association' means an association that is made up of individual members
21 and that:
22 (i) Has been actively in existence for at least three years;
23 (ii) Has been formed and maintained in good faith for purposes other than obtaining
24 insurance;
25 (iii) Does not condition membership in the association on any health status related
26 factor relating to an individual member;

1 (iv) Allows any member of the association to apply for insurance offered through the
 2 association with the understanding that the insurer makes the determination as to
 3 acceptability for coverage based upon the insurer's underwriting criteria; and

4 (v) Does not make health insurance coverage offered through the association
 5 available other than in connection with membership in the association.

6 (B) 'Franchise group plan' means a form of group accident and sickness insurance
 7 whereby an insurer issues a master policy to a franchise association for the benefit of
 8 individual members of such association.

9 (C) 'Individual member' means only an individual person and his or her dependents and
 10 shall in no way be construed to include an employer and its employees or retired
 11 employees.

12 (2) The insurer issuing a franchise group plan may, but shall not be required to,
 13 individually underwrite each individual applicant who is a member of the franchise
 14 association and who applies for coverage under the plan.

15 (3) The premium for such coverage shall be paid by the individual directly to the insurer
 16 and shall not be paid, directly or indirectly, by the employer of an individual member.

17 (4) Coverage under the group franchise plan shall be deemed creditable coverage for the
 18 purposes of the federal Health Insurance Portability and Accountability Act of 1996 and
 19 for purposes relating to conversions under Code Section 33-24-21.1 and relating to
 20 portability and continuation under Code Section 33-30-15.

21 (5) The insurer may issue individual policies to each member or may issue individual
 22 certificates of coverage. If an individual certificate of coverage is issued, the insurer also
 23 must provide a complete copy of the group policy to the individual member upon request
 24 of such member."

25 SECTION 3.

26 Said title is further amended by adding a new Code Section 33-30-1.2 to read as follows:

27 "33-30-1.2.

28 Any franchise group plan issued on an individual basis to a member of a franchise
 29 association pursuant to the provisions of subsection (c) of Code Section 33-30-1 shall
 30 comply with the following written disclosures that must be made to individuals at the time
 31 of solicitation for the sale of insurance and upon application for such insurance:

32 (1) That membership in the association will allow such individual to apply for insurance
 33 but that the insurer will make the determination as to acceptability for coverage based
 34 upon the insurer's underwriting criteria;

35 (2) That insurance may not be offered to an association member if such member does not
 36 satisfy the insurer's underwriting criteria or insurance may be offered at a higher rate; and

1 (3) That rates for franchise association business are not regulated in Georgia and,
2 therefore, may be subject to unregulated increases upon renewal."

3 **SECTION 4.**

4 Said title is further amended by striking subparagraphs (K) and (L) of paragraph (2) of
5 subsection (a) of Code Section 33-30-15, relating to continuation of similar coverage, and
6 inserting in lieu thereof new subparagraphs (K), (L), and (M) to read as follows:

7 "(K) A public health plan; ~~or~~

8 (L) A Peace Corps Act health benefit plan; or

9 (M) A franchise group plan policy or certificate of coverage issued on an individual
10 basis to a member of a franchise association pursuant to the provisions of subsection
11 (c) of Code Section 33-30-1."

12 **SECTION 5.**

13 All laws and parts of laws in conflict with this Act are repealed.