

Senate Bill 407

By: Senators Hill of the 32nd, Rogers of the 21st, Thomas of the 54th, Seabaugh of the 28th, Hawkins of the 49th and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 29A of Title 33 of the Official Code of Georgia Annotated, relating to
2 individual health insurance coverage, so as to provide for legislative intent; to provide
3 definitions; to authorize the Commissioner of Insurance to authorize insurers to offer
4 individual medical and surgical health insurance policies in Georgia that have been approved
5 for issuance in selected other states; to authorize the Commissioner of Insurance to initiate
6 a multi-state consortium for the establishment of reciprocity agreements allowing the sale of
7 individual medical and surgical health insurance policies among the participating states as
8 a single entity; to provide for minimum standards for such policies; to provide for certain
9 notices; to provide for examinations of such insurers; to authorize the Commissioner of
10 Insurance to adopt rules and regulations; to provide for related matters; to repeal conflicting
11 laws; and for other purposes.

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

13 style="text-align:center">**SECTION 1.**

14 Chapter 29A of Title 33 of the Official Code of Georgia Annotated, relating to individual
15 health insurance coverage, is amended by adding a new article to read as follows:

16 style="text-align:center">"ARTICLE 3

17 33-29A-40.

18 The General Assembly recognizes the high number of uninsureds in the state and the need
19 of individuals seeking medical and surgical health insurance coverage in this state to have
20 the opportunity to choose among competitive medical and surgical health insurance plans
21 that are affordable and flexible. Therefore, the General Assembly seeks to increase the
22 competitive availability of medical and surgical health insurance coverage by allowing
23 insurers authorized to engage in the business of insurance in this state who are also
24 authorized to engage in the business of insurance in selected other states to issue individual
25 medical and surgical health policies in Georgia based upon their policy approval in the

26 other selected states. In addition, the General Assembly seeks to initiate cooperation of
27 like-minded states to create a multi-state consortium with reciprocity agreements for
28 approval; offer; sale; rating, including medical underwriting; renewal; and issuance of
29 individual medical and surgical health insurance policies. Under the current state-by-state
30 approval process, it may take years before an insurer introduces a new lower cost product
31 in Georgia. By creating a consortium of states with reciprocity agreements, the larger
32 population of several states with a single approval for sale in multiple states will be
33 attractive to insurers to develop and rapidly introduce lower cost effective products to
34 Georgians.

35 33-29A-41.

36 As used in this article, the term:

37 (1) 'Comprehensive individual medical and surgical insurance policy' shall have the same
38 meaning as 'accident and sickness insurance policy' as that term is defined in Code
39 Section 33-29-1 including, at a minimum, comprehensive major medical coverage for
40 medical and surgical benefits.

41 (2) 'High deductible health plan' means accident and sickness insurance plans sold or
42 maintained under the applicable provisions of Section 223 of the Internal Revenue Code.

43 (3) 'Primary state' means the state designated by the issuer as the state whose covered
44 laws shall govern the health insurance issuer in the sale of such coverage.

45 (4) 'Secondary state' means any state that is not the primary state.

46 33-29A-42.

47 In accordance with the provisions of this article, the Commissioner shall identify at least
48 five states with insurance laws sufficiently consistent with Georgia laws. The
49 Commissioner shall approve for sale in Georgia selected comprehensive individual medical
50 and surgical insurance policies that have been approved for issuance in those other states
51 where the insurer is authorized to engage in the business of insurance so long as the insurer
52 is also authorized to engage in the business of insurance in this state and provided that any
53 such policy meets the requirements set forth in this article. High deductible health plans
54 that meet national standards for comprehensive medical and surgical coverage should be
55 among the policies automatically approved in Georgia if approved in the states identified
56 as acceptable by the Commissioner.

57 33-29A-43.

58 A policy approved and issued pursuant to this article shall be treated as if it were issued by
 59 an insurer domiciled in Georgia regardless of such insurer's actual domiciliary.

60 33-29A-44.

61 (a) Any insurer selling an insurance policy pursuant to this article, and any plan approved
 62 under this article, shall satisfy actuarial standards and insurer solvency requirements set
 63 forth by the National Association of Insurance Commissioners (NAIC) and adopted by
 64 regulation promulgated by the Commissioner or as otherwise prescribed by regulation
 65 promulgated by the Commissioner so long as any such regulation is not inconsistent with
 66 such NAIC standards.

67 (b) Any policy sold in Georgia under the coverage and administrative laws and regulations
 68 of another state that are not covered by a guarantee association or similar association of that
 69 state will be protected under the Georgia Life and Health Insurance Guaranty Association
 70 under Chapter 38 of this title.

71 (c) The Commissioner shall have the authority to determine whether an insurer satisfies
 72 the standards required by this Code section and may not approve a policy or plan that he
 73 or she finds lacking in compliance with this Code section. The Commissioner shall have
 74 the authority to determine whether the policies sold pursuant to this article continue to
 75 satisfy the requirements set forth in this Code section in the same manner as he or she does
 76 with an individual accident and sickness insurance policy approved pursuant to this title.
 77 The Commissioner shall have the authority to suspend or revoke new sales of out-of-state
 78 policies if the laws and regulations of those states are determined to egregiously harm
 79 Georgians. Upon such suspension or revocation, the issuers of the out-of-state policies
 80 shall be required to notify in writing all affected Georgia policyholders of such
 81 determination by the Commissioner.

82 33-29A-45.

83 (a) Each written application for participation in an out-of-state health benefit plan shall
 84 contain the following language in boldface type at the beginning of the document:

85 'This policy is primarily governed by the laws of (insert state where the master policy is
 86 filed); therefore, all of the rating laws applicable to policies filed in this state do not apply
 87 to this policy, which may result in increases in your premium at renewal that would not
 88 be permissible in a Georgia-approved policy. Any purchase of individual health
 89 insurance should be considered carefully since future medical conditions may make it
 90 impossible to qualify for another individual health policy. For information concerning

91 individual health coverage under a Georgia-approved policy, please consult your
92 insurance agent or the Insurance Department.'

93 (b) Each out-of-state health benefit policy shall contain the following language in boldface
94 type at the beginning of the document:

95 'The benefits of this policy providing your coverage are governed primarily by the laws
96 of a state OTHER than Georgia. While this health benefit plan may provide you a more
97 affordable health insurance policy, it may also provide fewer health benefits than those
98 normally included as state-mandated health benefits in policies in Georgia. Please
99 consult your insurance agent to determine which state-mandated health benefits are
100 excluded under this policy.'

101 33-29A-46.

102 (a) The Commissioner shall take the lead in creating a consortium of like-minded states
103 in establishing rules of reciprocity for the approval of comprehensive individual medical
104 and surgical health insurance policies among the participating states.

105 (b) At a minimum, the rules of approval reciprocity shall include terms and conditions to
106 protect Georgians similar to the following:

107 (1) An issuer, with respect to a particular policy, may only designate one state as its
108 primary state with respect to all such coverage it offers. Such an issuer may not change
109 the designated primary state with respect to individual health insurance coverage once the
110 policy is issued; provided, however, that such a change may be made upon renewal of the
111 policy with approval of the policyholder. With respect to such designated primary state,
112 the issuer must be licensed and approved to be doing business in that state;

113 (2) In the case of a health insurance issuer that is selling a policy in, or to a resident of,
114 a secondary state, the issuer must be licensed and approved to be doing business in that
115 secondary state; and

116 (3) The covered laws of the primary state shall apply to individual health insurance
117 coverage offered by a health insurance issuer in the primary state and policies sold in any
118 secondary state. The coverage and issuer shall comply with the terms and conditions
119 with respect to the offering of coverage in Georgia.

120 (c) Except as provided in this Code section, a health insurance issuer with respect to its
121 offer; sale; rating, including medical underwriting; renewal; and issuance of comprehensive
122 individual medical and surgical health insurance coverage in Georgia is exempt from any
123 covered laws of Georgia as the secondary state and any rules, regulations, agreements, or
124 orders sought or issued by Georgia under or related to such covered laws to the extent that
125 such laws would:

- 126 (1) Make unlawful or regulate, directly or indirectly, the operation of the health
127 insurance issuer operating in the Georgia as a secondary state, except that any Georgia
128 may require such an issuer:
- 129 (A) To pay on a nondiscriminatory basis applicable premium and other taxes, including
130 high risk pool assessments, which are levied on insurers and surplus lines insurers,
131 brokers, or policyholders under the laws of the State of Georgia;
- 132 (B) To register with and designate the Commissioner as its agent solely for the purpose
133 of receiving service of legal documents or process;
- 134 (C) To submit to an examination of its financial condition by a state insurance
135 commissioner in any state in which the issuer is doing business to determine the issuer's
136 financial condition, if the state insurance commissioner of the primary state has not
137 done an examination within the period recommended by the National Association of
138 Insurance Commissioners; and any such examination is conducted in accordance with
139 the examiners' handbook of the National Association of Insurance Commissioners and
140 is coordinated to avoid unjustified duplication and unjustified repetition;
- 141 (D) To comply with a lawful order issued in a delinquency proceeding commenced by
142 the Commissioner if there has been a finding of financial impairment under
143 subparagraph or in a voluntary dissolution proceeding;
- 144 (E) To comply with an injunction issued by a court of competent jurisdiction, upon a
145 petition by the Commissioner alleging that the issuer is in hazardous financial
146 condition;
- 147 (F) To participate, on a nondiscriminatory basis, in any insurance insolvency guaranty
148 association or similar association to which a health insurance issuer in the state is
149 required to belong;
- 150 (G) To comply with any state law regarding fraud and abuse, except that if the state
151 seeks an injunction regarding the conduct described in this subparagraph, such
152 injunction must be obtained from a court of competent jurisdiction;
- 153 (H) To comply with any state law regarding unfair claims settlement practices; and
- 154 (I) To comply with the applicable requirements for independent review with respect
155 to coverage offered in the state;
- 156 (2) Require any individual health insurance coverage issued by the issuer to be
157 countersigned by an insurance agent or broker residing in that secondary state; or
- 158 (3) Otherwise discriminate against the issuer issuing insurance in both the primary state
159 and in any secondary state.
- 160 (d) A health insurance issuer shall provide the following notice, in 12-point bold type, in
161 any insurance coverage offered in Georgia by such a health insurance issuer and at any
162 renewal of the policy, with the blank spaces being appropriately filled with the name of the

163 health insurance issuer, the name of the primary state, and the name of the secondary state,
 164 respectively, for the coverage concerned:

165 'Notice: This policy is issued by [insert state name] and is governed by the laws and
 166 regulations of the State of [insert state name], and it has met all the laws of that state as
 167 determined by that state's Department of Insurance. This policy may be less expensive
 168 than others because it is not subject to all of the insurance laws and regulations of
 169 Georgia, including coverage of some services or benefits mandated by the law of the
 170 State of Georgia. Additionally, this policy is not subject to all of the consumer protection
 171 laws or restrictions on rate changes of the State of Georgia. As with all insurance
 172 products, before purchasing this policy, you should carefully review the policy and
 173 determine what health care services the policy covers and what benefits it provides,
 174 including any exclusions, limitations, or conditions for such services or benefits.'

175 (e) A health insurance issuer that provides individual health insurance coverage in a
 176 primary or secondary state shall not upon renewal:

177 (1) Move or reclassify the individual insured under the health insurance coverage from
 178 the class such individual is in at the time of issue of the contract based on the
 179 health-status related factors of the individual;

180 (2) Increase the premiums assessed the individual for such coverage based on a health
 181 status-related factor or change of a health status-related factors not defined at the issuance
 182 of the policy; or

183 (3) Increase premiums assessed the individual for past or prospective claims experience
 184 of the insured individual.

185 (f) Nothing in this Code section shall be construed to prohibit a health insurance issuer:

186 (1) From terminating or discontinuing coverage or a class of coverage in accordance with
 187 the laws of the primary state;

188 (2) From raising premium rates for all policy holders within a class based on claims
 189 experience;

190 (3) From changing premiums or offering discounted premiums to individuals who
 191 engage in wellness activities at intervals prescribed by the issuer, if such premium
 192 changes or incentives:

193 (A) Are disclosed to the consumer in the insurance contract;

194 (B) Are based on specific wellness activities that are not applicable to all individuals;
 195 and

196 (C) Are not obtainable by all individuals to whom coverage is offered;

197 (4) From reinstating lapsed coverage; or

198 (5) From retroactively adjusting the rates charged an insured individual if the initial rates
 199 were set based on material misrepresentation by the individual at the time of issue.

200 (g) A health insurance issuer may not offer for sale individual health insurance coverage
201 in Georgia unless that coverage is currently offered for sale in the primary state.

202 (h) A person acting, or offering to act, as an agent or broker for a health insurance issuer
203 with respect to the offering of individual health insurance coverage must obtain a license
204 from Georgia, with commissions or other compensation subject to the provisions of the
205 laws of Georgia, except that Georgia may not impose any qualification or requirement
206 which discriminates against a nonresident agent or broker.

207 (i) Each health insurance issuer issuing individual health insurance coverage in both
208 primary and secondary states shall submit to the insurance commissioner of each state in
209 which it intends to offer such coverage before it may offer individual health insurance
210 coverage in such state:

211 (1) A copy of the plan of operation or feasibility study or any similar statement of the
212 policy being offered and its coverage which shall include the name of its primary state
213 and its principal place of business;

214 (2) Written notice of any change in its designation of its primary state; and

215 (3) Written notice from the issuer of the issuer's compliance with all the laws of the
216 primary state; and

217 (4) To the insurance commissioner of each secondary state in which it offers individual
218 health insurance coverage, a copy of the issuer's quarterly financial statement submitted
219 to the primary state, which statement shall be certified by an independent public
220 accountant and contain a statement of opinion on loss and loss adjustment expense
221 reserves made by a member of the American Academy of Actuaries; or a qualified loss
222 reserve specialist.

223 (j) Nothing in this Code section shall be construed to affect the authority of any federal or
224 state court to enjoin:

225 (1) The solicitation or sale of individual health insurance coverage by a health insurance
226 issuer to any person or group who is not eligible for such insurance; or

227 (2) The solicitation or sale of individual health insurance coverage that violates the
228 requirements of the law of a secondary state.

229 (k) Nothing in this Code section shall be construed to affect the authority of any state to
230 enjoin conduct in violation of that state's laws.

231 33-29A-47.

232 (a) All claims under health benefit plans sold to Georgia residents by out-of-state
233 companies shall be subject to the provisions of Article 2 of Chapter 20A of this title, and
234 no out-of-state company seeking to offer health benefit plans in this state shall receive

235 approval to offer health benefit plans in this state unless such company agrees to comply
236 with this Code section.

237 (b) Out-of-state companies offering health benefit plans under this article shall be subject
238 to regulation by the Commissioner with regard to enforcement of the contractual benefits
239 under the health benefit plan, including the requirements regarding prompt payment of
240 claims for benefits pursuant to Code Section 33-24-59.5.

241 33-29A-48.

242 (a) The Commissioner shall adopt rules and regulations necessary to implement this
243 article.

244 (b) Any dispute resolution mechanism or provision for notice and hearing in this title shall
245 apply to insurers issuing and delivering plans pursuant to this article."

246 **SECTION 2.**

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