

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 875 Session of
1997

INTRODUCED BY HOLL, COSTA, CORMAN, HELFRICK, AFFLERBACH, O'PAKE,
KUKOVICH, ROBBINS, PUNT, MOWERY, MUSTO, LEMMOND AND THOMPSON,
APRIL 2, 1997

REFERRED TO BANKING AND INSURANCE, APRIL 2, 1997

AN ACT

1 Providing for the regulation of health insurance practices.

2 The General Assembly of the Commonwealth of Pennsylvania

3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Pennsylvania

6 Health Care Insurance Portability Act.

7 Section 2. Purpose.

8 It is necessary to maintain the Commonwealth's sovereignty

9 over the regulation of health insurance in this Commonwealth by

10 complying with the required sections of the Health Insurance

11 Portability and Accountability Act of 1996 (Public Law 104-191,

12 110 Stat. 1936). The provisions of this act are intended to meet

13 these requirements while retaining the Commonwealth's authority

14 to regulate health insurance in this Commonwealth.

15 Section 3. Definitions.

16 (a) General rule.--The following words and phrases when used

17 in this act shall have the meanings given to them in this

1 section unless the context clearly indicates otherwise:

2 "Commissioner." The Insurance Commissioner of the
3 Commonwealth.

4 "Company," "association" or "exchange." Those entities
5 defined in section 101 of the act of May 17, 1921 (P.L.682,
6 No.284), known as The Insurance Company Law of 1921.

7 "Department." The Insurance Department of the Commonwealth.

8 "Fraternal benefit society." Any entity holding a current
9 certificate of authority in this Commonwealth under the act of
10 December 14, 1992 (P.L.835, No.134), known as the Fraternal
11 Benefit Societies Code.

12 "Federal act." The Federal law known as the Health Insurance
13 Portability and Accountability Act of 1996 (Public Law 104-191,
14 110 Stat. 1936).

15 "Health maintenance organization" or "HMO." An entity
16 organized and operated under the act of December 29, 1972
17 (P.L.1701, No.364), known as the Health Maintenance Organization
18 Act.

19 "Hospital plan corporation." An entity organized and
20 operating under 40 Pa.C.S. Ch. 61 (relating to hospital plan
21 corporations).

22 "Insurer." A foreign or domestic insurance company,
23 association or exchange, health maintenance organization,
24 hospital plan corporation, professional health services plan
25 corporation, fraternal benefit society or risk-assuming
26 preferred provider organization. This term shall not include a
27 group health plan as defined in section 2791 of the Health
28 Insurance Portability and Accountability Act of 1996.

29 "Preferred provider organization" or "PPO." An entity
30 organized and operating under section 630 of the act of May 17,

1 1921 (P.L.682, No.284), known as The Insurance Company Law of
2 1921.

3 "Professional health services plan corporation." An entity
4 organized and operating under the 40 Pa.C.S. Ch. 63 (relating to
5 professional health services plan corporations).

6 (b) Federal law.--The words, terms and definitions found in
7 the Health Insurance Portability and Accountability Act of 1996
8 (Public Law 104-191, 110 Stat. 1936), including those in section
9 2791, are hereby adopted for purposes of implementing this act,
10 except as noted herein. The term "health insurance issuer" found
11 at section 2791(b)(2) of the Health Insurance Portability and
12 Accountability Act of 1996 shall have the meaning provided under
13 "insurer" in subsection (a).

14 Section 4. Adoption of Federal act.

15 Group health plans shall comply with the provisions of
16 sections 195(b), 2701, 2702, 2705 and 2721 of the Federal act.
17 Insurers shall be subject to all of the provisions in sections
18 193, 195(b), 2701, 2702, 2705, 2711, 2712, 2713 and 2721. State
19 licensed HMOs that are not federally qualified shall comply with
20 section 195(b) of the Federal act.

21 Section 5. Adoption of provisions of Federal act necessary to
22 implement acceptable alternative mechanism in
23 individual market.

24 Hospital plan corporations and professional health services
25 plan corporations shall offer to eligible individuals, upon
26 request, policies based upon the following provisions:

- 27 (1) Continuous year-round open enrollment.
28 (2) Guaranteed issue.
29 (3) No preexisting condition exclusions.
30 (4) A choice of at least two individual health insurance

1 policies that include at least one policy form of coverage
2 that is comparable to the comprehensive health insurance
3 coverage offered by the hospital plan and professional health
4 services plan corporations in the individual market or one
5 that is comparable to a standard option of coverage offered
6 by the hospital plan and professional health services plan
7 corporations in the group or individual health insurance
8 market in this Commonwealth.

9 (5) Financial subsidization of premium cost for eligible
10 individuals. The hospital plan and professional health
11 services plan corporations shall file for review with the
12 commissioner a method for this financial subsidization.

13 Section 6. Penalties.

14 (a) General rule.--Upon satisfactory evidence of a violation
15 of this act by any insurer, group health plan or any other
16 person, the commissioner may, in the commissioner's discretion,
17 pursue any one or more of the following courses of action:

18 (1) Suspend, revoke or refuse to renew the license of
19 the offending person.

20 (2) Enter a cease and desist order.

21 (3) Impose a civil penalty of not more than \$5,000 for
22 each action in violation of this act.

23 (4) Impose a civil penalty of not more than \$10,000 for
24 each action in willful violation of this act.

25 (b) Limitation.--Penalties imposed against a person under
26 this act shall not exceed \$500,000 in the aggregate during a
27 single calendar year.

28 Section 7. Regulations.

29 The commissioner may promulgate such regulations as may be
30 necessary or appropriate to carry out this act.

1 Section 8. Repeals.

2 All acts and parts of acts are repealed insofar as they are
3 inconsistent with this act.

4 Section 9. Applicability.

5 This act shall apply as follows:

6 (1) The requirements of section 2705 of the Federal act
7 shall apply to plan years beginning on or after January 1,
8 1998.

9 (2) Section 5 shall apply to individual policies issued
10 on or after January 1, 1998.

11 (3) Except as otherwise provided, section 4 shall apply
12 to all policies for plan years beginning on or after the
13 effective date of this act.

14 Section 10. Effective date.

15 This act shall take effect July 1, 1997.