
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, THOMPSON,
WOZNIAK, TOMLINSON, GERLACH AND MADIGAN, APRIL 2, 1997

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 11, 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

1 in this act shall have the meanings given to them in this
2 section unless the context clearly indicates otherwise:

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

5 "Company," "association" or "exchange." Those entities
6 holding a current certificate of authority which are defined in
7 section 101 of the act of May 17, 1921 (P.L.682, No.284), known
8 as The Insurance Company Law of 1921.

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

10 "Federal act." The Federal law known as the Health Insurance
11 Portability and Accountability Act of 1996 (Public Law 104-191,
12 110 Stat. 1936) and any subsequent amendments to that act EXCEPT <—
13 FOR SECTION 2705.

14 "Fraternal benefit society." An entity holding a current
15 certificate of authority under the act of December 14, 1992
16 (P.L.835, No.134), known as the Fraternal Benefit Societies
17 Code.

18 "Health maintenance organization" or "HMO." An entity
19 holding a current certificate of authority under the act of
20 December 29, 1972 (P.L.1701, No.364), known as the Health
21 Maintenance Organization Act.

22 "Hospital plan corporation." An entity holding a current
23 certificate of authority organized and operated under 40 Pa.C.S.
24 Ch. 61 (relating to hospital plan corporations).

25 "Insurer." A foreign or domestic insurance company,
26 association or exchange, health maintenance organization,
27 hospital plan corporation, professional health services plan
28 corporation, fraternal benefit society or risk-assuming
29 preferred provider organization. This term shall not include a
30 group health plan as defined in section 2791 of the Federal act.

1 "Preferred provider organization" or "PPO." An entity
2 holding a current certificate of authority under section 630 of
3 the act of May 17, 1921 (P.L.682, No.284), known as The
4 Insurance Company Law of 1921.

5 "Professional health services plan corporation." An entity
6 holding a current certificate of authority under 40 Pa.C.S. Ch.
7 63 (relating to professional health services plan corporations).
8 This term shall not include dental service corporations or
9 optometric service corporations, as those terms are defined
10 under 40 Pa.C.S. § 6302(a) (relating to definitions).

11 (b) Federal law.--The words, terms and definitions found in
12 the Federal act, including those in section 2791, are hereby
13 adopted for purposes of implementing this act, except as noted
14 herein. The term "health insurance issuer" under section
15 2791(b)(2) of the Health Insurance Portability and
16 Accountability Act of 1996 shall have the meaning provided under
17 "insurer" in subsection (a).

18 Section 4. Adoption of Federal act.

19 Insurers shall comply with sections 2701, 2702, ~~2705~~, 2711, <—
20 2712, 2713, 2721, 2742, 2743 and 2747 of the Federal act.

21 Licensed HMOs may offer policies in conformity with section 193
22 of the Federal act.

23 Section 5. Penalties.

24 (a) General rule.--Upon satisfactory evidence of a violation
25 of this act by any insurer or other person, the commissioner
26 may, in the commissioner's discretion, pursue any one of the
27 following courses of action:

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

30 (2) Enter a cease and desist order.

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

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

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

8 Section 6. Regulations.

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

11 Section 7. Repeals.

12 All acts and parts of acts are repealed insofar as they are
13 inconsistent with this act.

14 Section 8. Effective date.

15 ~~This act shall take effect as follows:~~

16 ~~(1) The requirements of section 2705 of the Federal act~~
17 ~~shall take effect for policies issued or renewed on or after~~
18 ~~January 1, 1998.~~

19 ~~(2) The remainder of this act shall take effect July 1,~~
20 ~~1997.~~

21 THIS ACT SHALL TAKE EFFECT JULY 1, 1997.

<—

<—