
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 43 Session of
2011

INTRODUCED BY BAKER, MICOZZIE, CLYMER, SAYLOR, BOYD, CHRISTIANA,
CUTLER, ELLIS, EVERETT, FRANKEL, GABLER, GEIST, GINGRICH,
GOODMAN, GROVE, KAUFFMAN, KILLION, PICKETT, REICHLEY, ROAE,
SCHRODER, STERN, SWANGER, J. TAYLOR, VULAKOVICH, WATSON,
CAUSER AND BARRAR, JANUARY 19, 2011

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 19, 2011

AN ACT

1 Providing for affordable health insurance.

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 Affordable
6 Health Insurance Act.

7 Section 2. No unfair trade practice.

8 Insurers that include and operate wellness and health
9 promotion programs, disease and condition management programs,
10 health risk appraisal programs and similar provisions in their
11 high deductible health policies in keeping with Federal
12 requirements shall not be considered to be engaging in unfair
13 trade practices under any provision of law relating to unfair
14 trade practices with respect to the practices of illegal
15 inducements, unfair discrimination and rebating.

16 Section 3. No required relationship.

1 There shall be no required relationship between preferred
2 provider and nonpreferred provider plan reimbursements for
3 health savings account-eligible high deductible plans using
4 nonpreferred provider reimbursements. Such plans shall not:

5 (1) unfairly deny health benefits for medically
6 necessary covered services;

7 (2) have differences in benefit levels payable to
8 preferred providers compared to other providers that unfairly
9 deny benefits for covered services;

10 (3) have a plan coinsurance percentage applicable to
11 benefit levels for services provided by nonpreferred
12 providers that is less than 60% of the benefit levels under
13 the policy for such services; or

14 (4) have an adverse effect on the availability or the
15 quality of services.

16 Section 4. Health reimbursement arrangement-only plans.

17 The following shall apply:

18 (1) The Insurance Commissioner shall be authorized to
19 allow health reimbursement arrangement-only plans that
20 encourage employer financial support of health insurance or
21 health-related expenses recognized under Federal law.

22 (2) Health reimbursement arrangement-only plans that are
23 not sold in connection with or packaged with health insurance
24 coverage shall not be considered insurance.

25 (3) Individual health insurance policies funded through
26 health reimbursement arrangement-only plans shall not be
27 considered employer sponsored or group coverage, and nothing
28 in this section shall be interpreted to require an insurer to
29 offer an individual health insurance policy for sale in
30 connection with or packaged with a health reimbursement

1 arrangement-only plan or to accept premiums from health
2 reimbursement arrangement-only plans for individual health
3 insurance policies.

4 Section 5. Deductions.

5 In addition to other deductions allowed by law, a taxpayer in
6 this Commonwealth may deduct from taxable income for State
7 income tax purposes an amount equal to 100% of the premium paid
8 by the taxpayer during the taxable year for high deductible
9 health plans which are eligible to be used with a health savings
10 account under the applicable provisions of section 223 of the
11 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
12 223) to the extent the deduction has not been included in
13 Federal adjusted gross income and the expenses have neither been
14 provided from a health reimbursement arrangement nor included in
15 itemized nonbusiness deductions excluded from the taxpayer's
16 taxable income.

17 Section 6. Credits.

18 The following shall apply:

19 (1) A taxpayer shall be allowed a credit against the
20 income tax imposed by law for qualified health insurance
21 expenses in an amount of \$250 for each employee enrolled for
22 12 consecutive months in a qualified health insurance plan if
23 qualified health insurance is made available to all of the
24 employees and compensated individuals of the employer under
25 the applicable provisions of section 125 of the Internal
26 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 125).

27 (2) In no event shall the total amount of the tax credit
28 under this section for a taxable year exceed the taxpayer's
29 income tax liability. Any unused tax credit shall be allowed
30 the taxpayer against succeeding years' tax liability. No such

1 credit shall be allowed the taxpayer against prior years' tax
2 liability.

3 (3) The Department of Revenue shall promulgate rules and
4 regulations necessary to implement and administer this
5 section.

6 (4) The credit allowed by this section shall apply only
7 with regard to qualified health insurance expenses.

8 (5) As used in this section, the following words and
9 phrases shall have the meanings given to them in this
10 paragraph:

11 "Qualified health insurance." A high deductible health plan
12 that includes, at a minimum, catastrophic health care coverage
13 which is eligible to be used with a health savings account under
14 the applicable provisions of section 223 of the Internal Revenue
15 Code of 1986 (Public Law 99-514, 26 U.S.C. § 223).

16 "Qualified health insurance expense." The expenditure of
17 funds of at least \$250 annually for health insurance premiums
18 for qualified health insurance.

19 "Taxpayer." An employer who employs directly, or who pays
20 compensation to individuals whose compensation is reported on
21 Internal Revenue Service Form 1099, 50 or fewer persons and for
22 whom the employer provides high deductible health plans, that
23 include catastrophic health care coverage, which are established
24 and used with a health savings account under the applicable
25 provisions of section 223 of the Internal Revenue Code of 1986
26 (Public Law 99-514, 26 U.S.C. § 223) and in which the employees
27 are enrolled.

28 Section 7. Exemption from insurance premium tax.

29 Insurers shall be exempt from otherwise applicable taxes on
30 insurance premiums paid by residents for high deductible health

1 plans eligible to be used with a health savings account under
2 the applicable provisions of section 223 of the Internal Revenue
3 Code of 1986 (Public Law 99-514, 26 U.S.C. § 223).

4 Section 8. Duties of Insurance Commissioner.

5 The Insurance Commissioner shall:

6 (1) Develop flexible guidelines for coverage and
7 approval of health savings account eligible high deductible
8 plans designed to qualify under Federal and State
9 requirements as high deductible health plans for use with
10 health savings accounts.

11 (2) Encourage and promote the marketing of health
12 savings account eligible high deductible plans by accident
13 and sickness insurers. Nothing in this section shall be
14 construed to authorize the sale of insurance in violation of
15 requirements relating to the transaction of insurance or
16 prohibiting the interstate sale of insurance.

17 (3) Conduct a study of health savings account eligible
18 high deductible plans available in all other states and
19 determine whether, and in what manner, they serve the
20 uninsured and whether they should be made available to the
21 citizens of this Commonwealth.

22 (4) Develop an automatic or fast track approval process
23 for health savings account eligible high deductible plans
24 already approved under the laws and regulations of this
25 Commonwealth or other states.

26 (5) Promulgate rules and regulations for the design,
27 promotion and regulation of health savings account eligible
28 high deductible plans, including rules and regulations for
29 expedited review of standardized policies, advertisements,
30 solicitations and other matters deemed relevant.

1 Section 9. Effective date.

2 This act shall take effect in 60 days.