

HOUSE No. 1113

By Mr. Vallee of Franklin, petition of James E. Vallee and Joyce A. Spiliotis relative to further regulating the issuance of affordable health insurance in the Commonwealth. Financial Services.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT RELATIVE TO AFFORDABLE HEALTH INSURANCE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. Section one of Chapter 175 of the General Laws,
2 as appearing in the 2002 Official Edition, is hereby amended by
3 inserting the following new definitions:—
4 “Flexible health benefit policy” means a health insurance
5 policy that in whole or in part, does not offer state mandated
6 health benefits.
7 “State mandated health benefits” means coverage required or
8 required to be offered in the general or special laws as part of a
9 policy of accident or sickness insurance that:
10 1. includes coverage for specific health care services or bene-
11 fits;
12 2. places limitations or restrictions on deductibles, coinsurance,
13 co-payments, or any annual or lifetime maximum benefit
14 amounts; or
15 3. includes a specific category of licensed health care practi-
16 tioner from whom an insured is entitled to receive care.
17 “Policy of Accident and Sickness Insurance,” any policy or
18 contract covering the kind or kinds of insurance described in sub-
19 divisions (a) through (d) of the sixth paragraph of section 47 of
20 this chapter.

1 SECTION 2. Section 108 of chapter 175 of the General Laws,
2 as so appearing, is hereby further amended by adding the
3 following new paragraph at the end thereof:—

4 A carrier authorized to transact individual policies of accident
5 or sickness insurance under this section may offer a flexible health
6 benefit policy, provided however, that for each sale of a flexible
7 health benefit policy the carrier shall provide to the prospective
8 policyholder written notice describing the state mandated health
9 benefits that are not included in the policy and provide to the
10 prospective individual policyholder the option of purchasing at
11 least one health insurance policy that provides all state mandated
12 health benefits.

1 SECTION 3. Section 110 of chapter 175, as so appearing, is
2 hereby amended by inserting the following new paragraph at the
3 end thereof:—

4 A carrier authorized to transact group policies of accident or
5 sickness insurance under this section may offer one or more flex-
6 ible health benefit policies; provided however, that for each sale
7 of a flexible health benefit policy the carrier shall provide to the
8 prospective group policyholder written notice describing the state
9 mandated benefits that are not included in the policy and provide
10 to the prospective group policyholder the option of purchasing at
11 least on health insurance policy that provides all state mandated
12 benefits. The carrier shall provide each subscriber under a group
13 policy upon enrollment with written notice stating that this a flex-
14 ible health benefit policy and describing the state mandated health
15 benefits that are not included in the policy.

1 SECTION 4. Chapter 176A of the General Laws, as appearing
2 in the 2002 Official Edition, is hereby amended by inserting the
3 following new section:—

4 Section 1D. Definitions.

5 The following words, as used in this chapter, unless the text
6 otherwise requires or a different meaning is specifically required,
7 shall mean:—

8 “Flexible health benefit policy” means a health insurance
9 policy that in whole or in part, does not offer state mandated
10 health benefits.

11 “State mandated health benefits” means coverage required or
12 required to be offered in the general or special laws as part of a
13 policy of accident or sickness insurance that:—

14 1. includes coverage for specific health care services or bene-
15 fits;

16 2. places limitations or restrictions on deductibles, coinsurance,
17 co-payments, or
18 any annual or lifetime maximum benefit amounts; or

19 3. includes a specific category of licensed health care practi-
20 tioner from whom an insured is entitled to receive care.

21 “Policy of Accident and Sickness Insurance,” any policy or
22 contract covering the kind or kinds of insurance described in sub-
23 divisions (a) through (d) of the sixth paragraph of section 47 of
24 chapter 175 of the General Laws.

1 SECTION 5. Section 8 of chapter 176A of the General Laws,
2 as so appearing, is hereby further amended by adding the
3 following paragraphs at the end thereof:—

4 (h) A non-profit hospital service corporation authorized to
5 transact individual policies of accident or sickness insurance
6 under this section may offer a one flexible health benefit policy,
7 provided however, that for each sale of a flexible health benefit
8 policy the non-profit hospital service corporation shall provide to
9 the prospective policyholder written notice describing the state
10 mandated health benefits that are not included in the policy and
11 provide to the prospective individual policyholder the option of
12 purchasing at least one health insurance policy that provides all
13 state mandated health benefits.

14 (i) A non-profit hospital service corporation authorized to
15 transact group policies of accident or sickness insurance under
16 this section may offer one or more flexible health benefit policies;
17 provided however, that for each sale of a flexible health benefit
18 policy the non-profit hospital service corporation shall provide to
19 the prospective group policyholder written notice describing the
20 state mandated benefits that are not included in the policy and
21 provide to the prospective group policyholder the option of pur-
22 chasing at least on health insurance policy that provides all state
23 mandated benefits. The non-profit hospital service corporation
24 shall provide each subscriber under a group policy upon enroll-

25 ment with written notice stating that this a flexible health benefit
26 policy and describing the state mandated health benefits that are
27 not included in the policy.

1 SECTION 6. Section one of Chapter 176B of the General
2 Laws, as appearing in the 2002 Official Edition, is hereby
3 amended by inserting the following new definitions:—

4 “Flexible health benefit policy” means a health insurance
5 policy that in whole or in part, does not offer state mandated
6 health benefits.

7 “State mandated health benefits” means coverage required or
8 required to be offered in the general or special laws as part of a
9 policy of accident or sickness insurance that:—

10 1. includes coverage for specific health care services or bene-
11 fits;

12 2. places limitations or restrictions on deductibles, coinsurance,
13 co-payments, or any annual or lifetime maximum benefit
14 amounts; or

15 3. includes a specific category of licensed health care practi-
16 tioner from whom an insured is entitled to receive care.

17 “Policy of Accident and Sickness Insurance,” any policy or
18 contract covering the kind or kinds of insurance described in sub-
19 divisions (a) through (d) of the sixth paragraph of section 47 of
20 chapter 175 of the General Laws.

1 SECTION 7. Section 4 of chapter 176B of the General Laws,
2 as so appearing, is hereby further amended by adding the
3 following paragraphs at the end thereof:—

4 A medical service corporation authorized to transact individual
5 policies of accident or sickness insurance under this chapter may
6 offer a one flexible health benefit policy, provided however, that
7 for each sale of a flexible health benefit policy the medical service
8 corporation shall provide to the prospective policyholder written
9 notice describing the state mandated health benefits that are not
10 included in the policy and provide to the prospective individual
11 policyholder the option of purchasing at least one health insurance
12 policy that provides all state mandated health benefits.

13 A medical service corporation authorized to transact group
14 policies of accident or sickness insurance under this section may

15 offer one or more flexible health benefit policies; provided how-
16 ever, that for each sale of a flexible health benefit policy the med-
17 ical service corporation shall provide to the prospective group
18 policyholder written notice describing the state mandated benefits
19 that are not included in the policy and provide to the prospective
20 group policyholder the option of purchasing at least on health
21 insurance policy that provides all state mandated benefits. The
22 medical service corporation shall provide each subscriber under a
23 group policy upon enrollment with written notice stating that this
24 a flexible health benefit policy and describing the state mandated
25 health benefits that are not included in the policy.

1 SECTION 8. Section one of Chapter 176G of the General
2 Laws, as appearing in the 2002 Official Edition, is hereby
3 amended by inserting the following new definitions:—

4 “Flexible health benefit policy” means a health insurance
5 policy that in whole or in part, does not offer state mandated
6 health benefits.

7 “State mandated health benefits” means coverage required or
8 required to be offered in the general or special laws as part of a
9 policy of accident or sickness insurance that:—

10 1. includes coverage for specific health care services or bene-
11 fits;

12 2. places limitations or restrictions on deductibles, coinsurance,
13 co-payments, or any annual or lifetime maximum benefit
14 amounts; or

15 3. includes a specific category of licensed health care practi-
16 tioner from whom an insured is entitled to receive care.

17 “Policy of Accident and Sickness Insurance,” any policy or
18 contract covering the kind or kinds of insurance described in sub-
19 divisions (a) through (d) of the sixth paragraph of section 47 of
20 chapter 175 of the General Laws.

1 SECTION 9. Section 4 of chapter 176G of the General Laws,
2 as so appearing, is hereby further amended by adding the
3 following paragraph at the end thereof:—

4 A health maintenance organization authorized to transact indi-
5 vidual policies of accident or sickness insurance under this
6 chapter may offer a one flexible health benefit policy, provided

7 however, that for each sale of a flexible health benefit policy the
8 health maintenance organization shall provide to the prospective
9 policyholder written notice describing the state mandated health
10 benefits that are not included in the policy and provide to the
11 prospective individual policyholder the option of purchasing at
12 least one health insurance policy that provides all state mandated
13 health benefits.

1 SECTION 10. Chapter 176G, as so appearing, is hereby further
2 amended by inserting the following new section:—

3 Section 4A. A health maintenance organization authorized to
4 transact group policies of accident or sickness insurance under
5 this chapter may offer one or more flexible health benefit policies;
6 provided however, that for each sale of a flexible health benefit
7 policy the health maintenance organization shall provide to the
8 prospective group policyholder written notice describing the state
9 mandated benefits that are not included in the policy and provide
10 to the prospective group policyholder the option of purchasing at
11 least on health insurance policy that provides all state mandated
12 benefits. The health maintenance organization shall provide each
13 subscriber under a group policy upon enrollment with written
14 notice stating that this a flexible health benefit policy and
15 describing the state mandated health benefits that are not included
16 in the policy.

1 SECTION 11. Chapter 176M of the General Laws, as
2 appearing in the 2002 Official Edition, is hereby amended by
3 inserting in section one the following new definitions:—

4 “Flexible health benefit policy” means a health insurance that,
5 in whole or in part, does not offer state mandated health benefits.

6 “State mandated health benefits” means coverage required to be
7 offered any general or special law that:—

- 8 1. includes coverage for specific health care services or bene-
9 fits;
- 10 2. places limitations or restrictions on deductibles, coinsur-
11 ance, co-payments, or any annual or lifetime maximum benefit
12 amounts; or
- 13 3. includes a specific category of licensed health care practi-
14 tioner from whom an insured is entitled to receive care.

1 SECTION 12. Section 2 of said Chapter 176M is hereby
2 amended by striking out the first sentence of paragraph (d) and
3 inserting in place thereof the following:—

4 A carrier that participates in the nongroup health insurance
5 market shall make available to eligible individuals a standard
6 guaranteed health plan established pursuant to paragraph (c) and
7 may additionally make available to eligible individuals no more
8 than two alternative guaranteed issue health plans, one of which
9 may be a flexible health benefit policy, with benefits and cost
10 sharing requirements, including deductibles, that differ from the
11 standard guaranteed issue health plan.

1 SECTION 13. Chapter 118G of the General Laws, as so
2 appearing in the 2002, is hereby amended by adding at the end
3 thereof the following new section:—

4 Section 24. The division, in consultation with other relevant
5 state agencies, shall conduct a review and evaluation of all
6 existing mandated health benefits and shall report its findings to
7 the joint committees on health care and insurance on or before
8 December 1, 2005. For the purpose of this section, “existing man-
9 dated health benefits” shall have the same meaning as a “man-
10 dated health benefit proposal” in paragraph (a) of Section 38C of
11 Chapter 3 of the General Laws.

12 The division shall enter into interagency agreements as neces-
13 sary with the division of medical assistance, the group insurance
14 commission, the department of public health, the division of
15 insurance, and other state agencies holding utilization and cost
16 data relevant to the division’s review. Such interagency agree-
17 ments shall require that the data shared under the agreements is
18 used solely in connection with the division’s review under this
19 section, and that the confidentiality of any personal data is pro-
20 tected. The division may also require data from insurers licensed
21 or otherwise authorized to transact accident or health insurance
22 under Chapter 175, nonprofit hospital service organizations orga-
23 nized under Chapter 176A, nonprofit medical service corporations
24 organized under Chapter 176B, health maintenance organizations
25 organized under Chapter 176G and their industry organizations to
26 complete its analysis. The division may contract with an actuary,

27 or economist as necessary to complete its analysis. The division
28 shall reference all information pertaining to cost, utilization and
29 outcomes that it examines in conducting its review and make it
30 available upon request.

31 The report shall include an evaluation of the medical efficacy
32 of mandating the benefit, including the impact of the benefit to the
33 quality of the patient care and health status of the population and
34 the results of any research demonstrating the medical efficacy of
35 the treatment or service compared to alternative treatments or
36 services, or not providing the service or treatment; and the
37 increase in insurance premiums, if any, resulting from mandating
38 the coverage of this service or treatment and any other relevant
39 information that would be useful in evaluating the mandated
40 health benefit. Costs associated with the mandate shall be evalu-
41 ated based on the experience of the prior five years, or from the
42 date the mandate is passed, if in existence less than five years.
43 The report may include a recommendation to repeal any mandate
44 that is no longer justified as to cost effectiveness, medical efficacy
45 or safety. This process shall be repeated every five (5) years.

1 SECTION 14. Subsection (b) of Section 38C of Chapter 3 of
2 the General Laws is hereby amended by inserting at the end
3 thereof the following:—

4 Notwithstanding the foregoing or any general or special law or
5 regulation to the contrary, no mandated health benefit bill shall be
6 reported favorably by any joint committee of the general court or
7 the house or senate committees on ways and means, unless and
8 until the rate of increase in the Consumer Price Index (CPI) for
9 medical care services as reported by the United States Bureau of
10 Labor Statistics remains at zero or below zero for two consecutive
11 years. The Division of Health Care Finance and Policy shall file
12 an annual report with the house and senate committees on ways
13 and means, the joint committee on insurance and the joint com-
14 mittee on health care no later than the last day of January for the
15 previous year certifying the rate of increase in the CPI for medical
16 care services.