

HEALTH INSURANCE FAIR MARKETING STANDARDS

2005 GENERAL SESSION
STATE OF UTAH

Sponsor: Steven R. Mascaro

LONG TITLE

General Description:

9 This bill requires health insurance plans to provide information of general interest to
10 consumers to facilitate comparison of different health benefit plans.

11 **Highlighted Provisions:**

12 This bill:

- ▶ amends the disclosures required of health insurance benefit plans to include:
 - plan coverage for cancer screening; and
 - general information that will facilitate comparison of different health benefit
- ▶ authorizes the insurance commissioner to adopt administrative rules to develop
- ▶ standards for the health benefit plan disclosure; and
- ▶ clarifies that the disclosure requirement applies to health insurance plans and the

21 **Monies Appropriated in this Bill:**

22 None

23 Other Special Clauses:

24 None

25 Utah Code Sections Affected:

26 AMENDS:

27 **31A-22-613.5**, as last amended by Chapter 114, Laws of Utah 2002



28

29 *Be it enacted by the Legislature of the state of Utah:*

30 Section 1. Section **31A-22-613.5** is amended to read:

31 **31A-22-613.5. Price and value comparisons of health insurance.**

32 (1) (a) This section applies generally to all health insurance policies and health
33 maintenance organization contracts.

34 (b) Notwithstanding the provisions of Subsection 31A-1-103(3)(f), the provisions of
35 Subsection (3) of this section apply to a health, dental, medical, Medicare supplement, or
36 conversion program offered under Title 49, Chapter 20, Public Employees' Benefit and
37 Insurance Program Act.

38 (2) (a) The commissioner shall adopt a Basic Health Care Plan to be offered under the
39 open enrollment provisions of Chapter 30.

40 (b) (i) Before adoption of a plan under Subsection (2)(a), the commissioner shall
41 submit the proposed Basic Health Care Plan to the Health and Human Services Interim
42 Committee for review and recommendations.

43 (ii) After the commissioner adopts the Basic Health Care Plan, the Health and Human
44 Services Interim Committee:

45 (A) shall provide legislative oversight of the Basic Health Care Plan; and

46 (B) may recommend legislation to modify the Basic Health Care Plan adopted by the
47 commissioner.

48 (3) (a) The commissioner shall promote informed consumer behavior and responsible
49 health insurance and health plans by requiring an insurer issuing health insurance policies or
50 health maintenance organization contracts to provide to all enrollees, prior to enrollment in the
51 health benefit plan or health insurance policy, written disclosure of:

52 (i) restrictions or limitations on prescription drugs and biologics including the use of a
53 formulary and generic substitution; [and]

54 (ii) coverage limits under the plan~~[-]~~:

55 (iii) the plan's cancer screening coverage and any restrictions or limitations on coverage
56 for cancer screening; and

57 (iv) information of general interest to purchasers of health plans and persons insured
58 under health plans designed to facilitate comparison of different health benefit plans.

(b) In addition to the requirements of Subsections (3)(a) and (d), an insurer described in Subsection (3)(a) shall submit the written disclosure required by this Subsection (3) to the commissioner in the format required by the commissioner, by administrative rule:

- (i) upon commencement of operations in the state; and
- (ii) anytime the insurer amends any of the following described in Subsection (3)(a):
 - (A) treatment policies;
 - (B) practice standards;
 - (C) restrictions; or
 - (D) coverage limits of the insurer's health benefit plan or health insurance policy.

(c) The commissioner may shall adopt rules to implement the disclosure requirements of this Subsection (3), taking into account:

→ **(i) recommendations of health insurance representatives;** ←

H→ [i] (ii) ←H business confidentiality of the insurer;

$\hat{H} \rightarrow$ [**(ii)**] **(iii)** $\leftarrow \hat{H}$ definitions of terms; and

H→ [iii] (iv) ←H the method of disclosure to enrollees.

(d) If under Subsection (3)(a)(i) a formulary is used, the insurer shall make available to prospective enrollees and maintain evidence of the fact of the disclosure of:

(i) the drugs included;

(ii) the patented drugs not included; and

(iii) any conditions that exist as a precedent to coverage.

Legislative Review Note

as of 12-7-04 8:41 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Interim Committee Note

as of 12-08-04 12:43 PM

The Health and Human Services Interim Committee recommended this bill.

State Impact

No fiscal impact

Individual and Business Impact

Costs to health insurance companies will be to reformat their policy forms and with disclosure requirements.

Office of the Legislative Fiscal Analyst