

By: Representatives Stevens, Dedeaux,
Masterson

To: Insurance

HOUSE BILL NO. 673

1 AN ACT TO AMEND SECTION 83-63-3, MISSISSIPPI CODE OF 1972, TO
2 REVISE ELIGIBILITY REQUIREMENTS FOR EMPLOYEES UNDER SMALL EMPLOYER
3 HEALTH BENEFIT PLANS; AND FOR RELATED PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 **SECTION 1.** Section 83-63-3, Mississippi Code of 1972, is
6 amended as follows:

7 83-63-3. For purposes of this chapter, the following terms
8 are defined as follows:

9 (a) "Actuarial certification" means a written statement
10 by a member of the American Academy of Actuaries, or other
11 individual acceptable to the commissioner, that a small employer
12 carrier is in compliance with Section 83-63-7, based upon the
13 person's examination, including a review of the appropriate
14 records and of the actuarial assumptions and methods used by the
15 small employer carrier in establishing premium rates for
16 applicable health benefit plans.

17 (b) "Base premium rate" means for each class of
18 business as to a rating period, the lowest premium rate charged or
19 which could have been charged under the rating system for that
20 class of business, by the small employer carrier to small
21 employers with similar case characteristics for health benefit
22 plans with the same or similar coverage.

23 (c) "Carrier" means any entity that provides health
24 insurance in this state such as an insurance company; a prepaid
25 hospital or medical service plan; a nonprofit hospital, medical
26 and surgical service corporation; a health maintenance
27 organization; a fully insured multiple employer welfare



28 arrangement; or any other entity providing a plan of health
29 insurance subject to state insurance regulation.

30 (d) "Case characteristics" means demographic or other
31 objective characteristics of a small employer that are considered
32 by the small employer carrier in the determination of premium
33 rates for the small employer, but claim experience, health status
34 and duration of coverage are not case characteristics for the
35 purposes of this chapter.

36 (e) "Class of business" means all or a separate
37 grouping of small employers established pursuant to Section
38 83-63-5.

39 (f) "Commissioner" means the Commissioner of Insurance.

40 (g) "Eligible employee" means an employee who works on
41 a full-time basis and has a normal work week of twenty (20) or
42 more hours. The term includes a sole proprietor, a partner of a
43 partnership and an independent contractor, if the sole proprietor,
44 partner or independent contractor is included as an employee under
45 a health benefit plan of a small employer, but does not include an
46 employee who works on a part-time, temporary or substitute basis.

47 (h) "Established geographic service area" means a
48 geographical area, as approved by the commissioner and based on
49 the carrier's certificate of authority to transact insurance in
50 this state, within which the carrier is authorized to provide
51 coverage.

52 (i) "Health benefit plan" or "plan" means any hospital
53 or medical policy or certificate, hospital or medical service plan
54 contract, or health maintenance organization subscriber contract.
55 Health benefit plan does not include accident-only, specified
56 disease, credit, dental, vision, Medicare supplement, long-term
57 care, or disability income insurance; coverage issued as a
58 supplement to liability insurance; workers' compensation or
59 similar insurance; or automobile medical-payment insurance.



60 (j) "Index rate" means for each class of business for
61 small employees with similar case characteristics, the arithmetic
62 average of the applicable base premium rate and the corresponding
63 highest premium rate.

64 (k) "New business premium rate" means for each class of
65 business as to a rating period, the premium rate charged or
66 offered by the small employer carrier to small employers with
67 similar case characteristics for newly issued health benefit plans
68 with the same or similar coverage.

69 (l) "Rating period" means the calendar period for which
70 premium rates established by a small employer carrier are assumed
71 to be in effect.

72 (m) "Small employer" means any person, firm,
73 corporation, partnership or association actively engaged in
74 business which, on at least fifty percent (50%) of its working
75 days during the preceding year, employed no more than fifty (50)
76 eligible employees. In determining the number of eligible
77 employees, companies which are affiliated companies or which are
78 eligible to file a combined tax return for purposes of state
79 taxation shall be considered one (1) employer.

80 (n) "Small employer carrier" means any carrier which
81 offers health benefit plans covering eligible employees of one or
82 more small employers in this state.

83 **SECTION 2.** This act shall take effect and be in force from
84 and after July 1, 2002.

