

SENATE No. 446

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act relative to small group 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 1 of Chapter 176J of the General Laws is hereby amended by
2 inserting the following two definitions:

3 “Association health plan”, a Massachusetts nonprofit or not-for-profit corporation all the
4 members of which are qualified associations and that negotiates with one or more carriers for the
5 issuance of health benefit plans that cover employees of qualified association members and their
6 dependents. To be certified by the Commissioner, an association health plan must have a
7 minimum of twenty-five qualified associations contracted to provide the plan to their members.

8 “Qualified association”, a Massachusetts nonprofit or not-for-profit corporation or other
9 entity that has been organized and maintained for purposes of advancing the occupational,
10 professional, trade or industry interests of its members, other than that of obtaining health
11 insurance, that has been in active existence for at least five years, that is comprised of at least
12 100 members, and membership in which is generally available to members of such occupation,
13 profession, trade or industry without regard to the health condition or status of a prospective
14 member.

15 SECTION 2. Chapter 176J of the General Laws is hereby amended by adding at the end
16 thereof the following new section:

17 Section 11. Association Health Plan

18 (a) The commissioner shall write regulations governing the establishment and
19 oversight of association health plans. Those regulations shall require that all state mandated
20 benefits are required under such plans, that denial of coverage due to the health condition, age,
21 race or sex is prohibited, and that no eligible small business who is a member of the association
22 health plan may be charged a premium rate higher than what the carrier would charge to a
23 similarly situated eligible small business who is not a member of the association health plan.
24 The Commissioner shall authorize not more than one association health plan.

25 (b) The commissioner shall biannually certify that an association health plan
26 satisfies the requirements of this chapter. Only an association health plan that has been certified
27 by the commissioner may procure health care coverage for the benefit of qualified association
28 members.

29 (c) The books and records of an association health plan and the methodology
30 which it confirms the status of qualified associations shall be subject to review by commissioner.

31 (d) Health care coverage procured by an association health plan may be sold
32 only to qualified association members and shall be sold only through duly licensed agents and
33 brokers.

34 (e) Eligible businesses for the association health plan shall have 10 or less
35 employees.

36 (f) The Commissioner shall report on the effectiveness and business cost
37 savings to the Committee on Senate Ways and Means and House Ways and Means as well as the
38 Joint Committees on Health Care Financing and Financial Services within 24 months of the
39 initial certification of the association health plan as defined under this section.

40 (g) This section shall expire 48 months after the initial certification of the
41 association health plan.