

## LEGISLATIVE BILL 719

Approved by the Governor March 18, 2002

Introduced by Hilgert, 7; Beutler, 28

AN ACT relating to the Small Employer Health Insurance Availability Act; to amend section 44-5256, Reissue Revised Statutes of Nebraska; to provide an exemption; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 44-5256, Reissue Revised Statutes of Nebraska, is amended to read:

44-5256. (1) The Small Employer Health Insurance Availability Act shall apply to any health benefit plan that provides coverage to the employees of a small employer in this state if any of the following conditions are met:

(a) Any portion of the premium or benefits is paid by or on behalf of the small employer;

(b) An eligible employee or dependent is reimbursed, whether through wage adjustments or otherwise, by or on behalf of the small employer for any portion of the premium; or

(c) The health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of section 106, 125, or 162 of the Internal Revenue Code.

(2) The act shall not apply to individual health benefit plans issued:

(a) To eligible employees of a small employer if the arrangement with the small employer was established prior to January 1, 1995, and met any of the conditions set forth in subsection (1) of this section; ~~or~~

(b) On or after January 1, 1995, to eligible employees of a small employer if the small employer had fewer than three eligible employees when the arrangement was established regardless of whether the small employer subsequently employs three or more employees; or

(c) To eligible employees of a small employer if the full cost of the premium is paid by a salary reduction plan or payroll deduction.

(3) (a) Except as provided in subdivision (b) of this subsection, carriers that are affiliated companies or that are eligible to file a consolidated tax return shall be treated as one carrier and any restrictions or limitations imposed by the act shall apply as if all health benefit plans delivered or issued for delivery to small employers in this state by such affiliated carriers were issued by one carrier.

(b) An affiliated carrier that is a health maintenance organization having a certificate of authority pursuant to the Health Maintenance Organization Act may be considered to be a separate carrier for the purposes of the Small Employer Health Insurance Availability Act.

(c) Unless otherwise authorized by the director, a small employer carrier shall not enter into one or more ceding arrangements with respect to health benefit plans delivered or issued for delivery to small employers in this state if such arrangements would result in less than fifty percent of the insurance obligation or risk for such health benefit plans being retained by the ceding carrier. The Assumption Reinsurance Act shall apply if a small employer carrier cedes or assumes all of the insurance obligation or risk with respect to one or more health benefit plans delivered or issued for delivery to small employers in this state.

(4) (a) A Taft-Hartley trust, or a carrier with the written authorization of such a trust, may make a written request to the director for a waiver from the application of any of the provisions of subsection (1) of section 44-5258 with respect to a health benefit plan provided to the trust.

(b) The director may grant such a waiver if the director finds that application of such subsection with respect to the trust would:

(i) Have a substantial adverse effect on the participants and beneficiaries of such trust; and

(ii) Require significant modifications to one or more collective-bargaining arrangements under which the trust is established or maintained.

(c) A waiver granted under this section shall not apply to an individual if the person participates in such a trust as an associate member of an employee organization.

Sec. 2. Original section 44-5256, Reissue Revised Statutes of Nebraska, is repealed.