
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 131 Session of
2017

INTRODUCED BY BAKER, MILLARD, GREINER, RAPP, MURT, BARRAR,
KAUFFMAN, MENTZER, PHILLIPS-HILL, READSHAW, ZIMMERMAN, GROVE,
WARD, MARSICO, WATSON AND GABLER, JANUARY 23, 2017

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 23, 2017

AN ACT

1 Amending Title 40 (Insurance) of the Pennsylvania Consolidated
2 Statutes, in preliminary provisions, providing for affordable
3 health insurance.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 40 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 3

9 AFFORDABLE HEALTH INSURANCE

10 Sec.

11 301. Scope of chapter.

12 302. No unfair trade practice.

13 303. No required relationship.

14 304. Health reimbursement arrangement-only plans.

15 305. Deductions.

16 306. Credits.

17 307. Exemption from insurance premium tax.

18 308. Duties of Insurance Commissioner.

1 § 301. Scope of chapter.

2 This chapter relates to affordable health insurance.

3 § 302. No unfair trade practice.

4 Insurers that include and operate wellness and health
5 promotion programs, disease and condition management programs,
6 health risk appraisal programs and similar provisions in their
7 high deductible health policies in keeping with Federal
8 requirements shall not be considered to be engaging in unfair
9 trade practices under any provision of law relating to unfair
10 trade practices with respect to the practices of illegal
11 inducements, unfair discrimination and rebating.

12 § 303. No required relationship.

13 There shall be no required relationship between preferred
14 provider and nonpreferred provider plan reimbursements for
15 health savings account-eligible high deductible plans using
16 nonpreferred provider reimbursements. The plans shall not:

17 (1) unfairly deny health benefits for medically
18 necessary covered services;

19 (2) have differences in benefit levels payable to
20 preferred providers compared to other providers that unfairly
21 deny benefits for covered services;

22 (3) have a plan coinsurance percentage applicable to
23 benefit levels for services provided by nonpreferred
24 providers that is less than 60% of the benefit levels under
25 the policy for the services; or

26 (4) have an adverse effect on the availability or the
27 quality of services.

28 § 304. Health reimbursement arrangement-only plans.

29 The following shall apply:

30 (1) The Insurance Commissioner shall be authorized to

1 allow health reimbursement arrangement-only plans that
2 encourage employer financial support of health insurance or
3 health-related expenses recognized under Federal law.

4 (2) Health reimbursement arrangement-only plans that are
5 not sold in connection with or packaged with health insurance
6 coverage shall not be considered insurance.

7 (3) Individual health insurance policies funded through
8 health reimbursement arrangement-only plans shall not be
9 considered employer sponsored or group coverage, and nothing
10 in this section shall be interpreted to require an insurer to
11 offer an individual health insurance policy for sale in
12 connection with or packaged with a health reimbursement
13 arrangement-only plan or to accept premiums from health
14 reimbursement arrangement-only plans for individual health
15 insurance policies.

16 § 305. Deductions.

17 In addition to other deductions allowed by law, a taxpayer in
18 this Commonwealth may deduct from taxable income for State
19 income tax purposes an amount equal to 100% of the premium paid
20 by the taxpayer during the taxable year for high deductible
21 health plans which are eligible to be used with a health savings
22 account under the applicable provisions of section 223 of the
23 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
24 223) to the extent the deduction has not been included in
25 Federal adjusted gross income and the expenses have neither been
26 provided from a health reimbursement arrangement nor included in
27 itemized nonbusiness deductions excluded from the taxpayer's
28 taxable income.

29 § 306. Credits.

30 (a) Qualified health credits.--The following shall apply:

1 (1) A taxpayer shall be allowed a credit against the
2 income tax imposed by law for qualified health insurance
3 expenses in an amount of \$250 for each employee enrolled for
4 12 consecutive months in a qualified health insurance plan if
5 qualified health insurance is made available to all of the
6 employees and compensated individuals of the employer under
7 the applicable provisions of section 125 of the Internal
8 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 125).

9 (2) In no event shall the total amount of the tax credit
10 under this section for a taxable year exceed the taxpayer's
11 income tax liability. Any unused tax credit shall be allowed
12 the taxpayer against succeeding years' tax liability. No
13 credit shall be allowed the taxpayer against prior years' tax
14 liability.

15 (3) The Department of Revenue shall promulgate rules and
16 regulations necessary to implement and administer this
17 section.

18 (4) The credit allowed by this section shall apply only
19 with regard to qualified health insurance expenses.

20 (b) Definitions.--As used in this section, the following
21 words and phrases shall have the meanings given to them in this
22 subsection unless the context clearly indicates otherwise:

23 "Qualified health insurance." A high deductible health plan
24 that includes, at a minimum, catastrophic health care coverage
25 which is eligible to be used with a health savings account under
26 the applicable provisions of section 223 of the Internal Revenue
27 Code of 1986 (Public Law 99-514, 26 U.S.C. § 223).

28 "Qualified health insurance expense." The expenditure of
29 funds of at least \$250 annually for health insurance premiums
30 for qualified health insurance.

1 "Taxpayer." An employer who employs directly, or who pays
2 compensation to individuals whose compensation is reported on
3 Internal Revenue Service Form 1099, 50 or fewer persons and for
4 whom the employer provides high deductible health plans, that
5 include catastrophic health care coverage, which are established
6 and used with a health savings account under the applicable
7 provisions of section 223 of the Internal Revenue Code of 1986
8 (Public Law 99-514, 26 U.S.C. § 223) and in which the employees
9 are enrolled.

10 § 307. Exemption from insurance premium tax.

11 Insurers shall be exempt from otherwise applicable taxes on
12 insurance premiums paid by residents for high deductible health
13 plans eligible to be used with a health savings account under
14 the applicable provisions of section 223 of the Internal Revenue
15 Code of 1986 (Public Law 99-514, 26 U.S.C. § 223).

16 § 308. Duties of Insurance Commissioner.

17 The Insurance Commissioner shall:

18 (1) Develop flexible guidelines for coverage and
19 approval of health savings account eligible high deductible
20 plans designed to qualify under Federal and State
21 requirements as high deductible health plans for use with
22 health savings accounts.

23 (2) Encourage and promote the marketing of health
24 savings account eligible high deductible plans by accident
25 and sickness insurers. Nothing in this section shall be
26 construed to authorize the sale of insurance in violation of
27 requirements relating to the transaction of insurance or
28 prohibiting the interstate sale of insurance.

29 (3) Conduct a study of health savings account eligible
30 high deductible plans available in all other states and

1 determine whether, and in what manner, they serve the
2 uninsured and whether they should be made available to the
3 residents of this Commonwealth.

4 (4) Develop an automatic approval process or fast-track
5 approval process for health savings account eligible high
6 deductible plans already approved under the laws and
7 regulations of this Commonwealth or other states.

8 (5) Promulgate rules and regulations for the design,
9 promotion and regulation of health savings account eligible
10 high deductible plans, including rules and regulations for
11 expedited review of standardized policies, advertisements,
12 solicitations and other matters deemed relevant.

13 Section 2. This act shall take effect in 60 days.