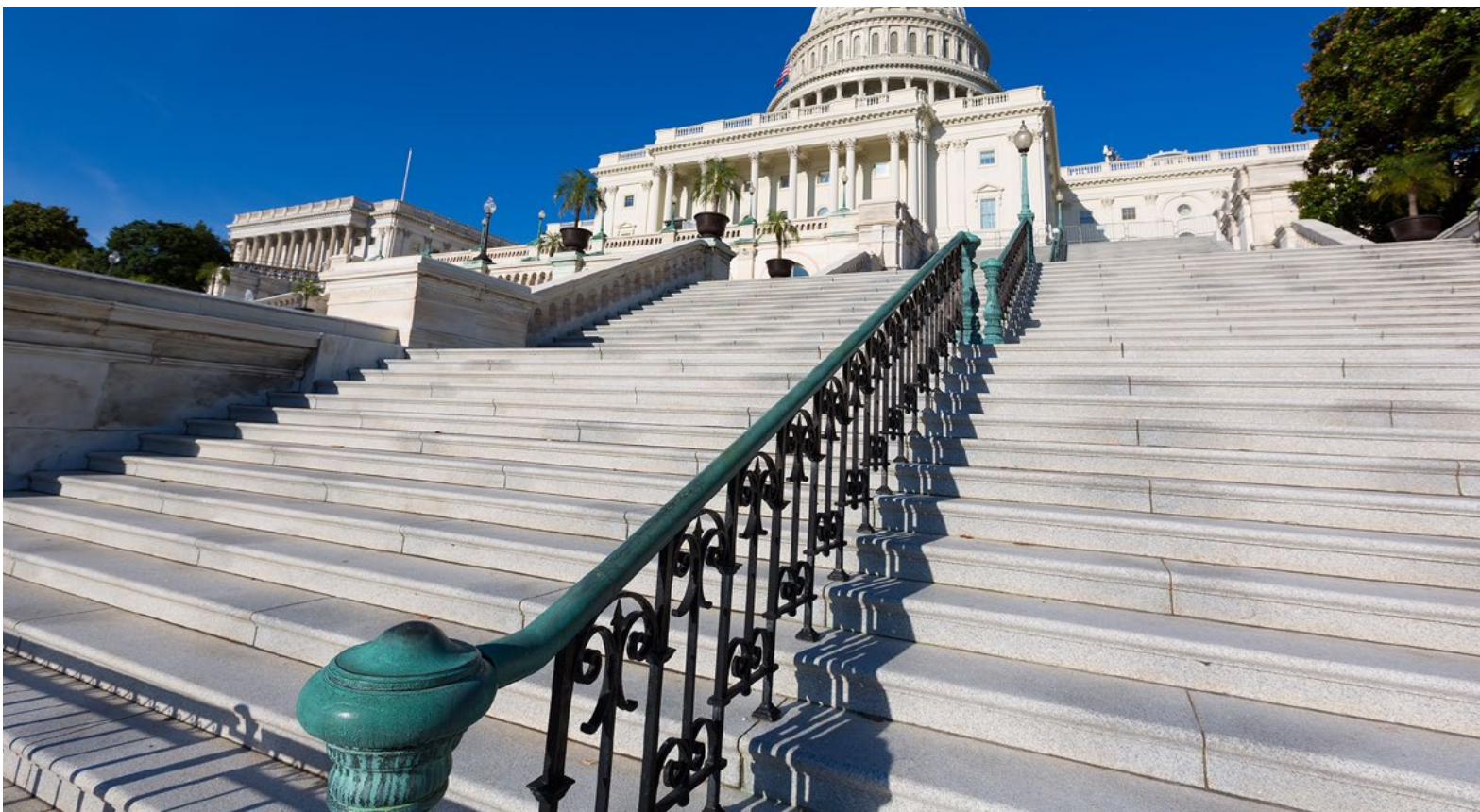




SIIA 2025 STATE POLICY RE-CAP

Written By Anthony Murrello

Throughout the year, SIIA's Government Relations Team monitors and advocates for the self-insurance industry on a wide range of policy proposals advanced at the State level. This includes opposing efforts to enact unreasonable prohibitions on the sale of stop-loss insurance and efforts to erode ERISA's preemption powers, while advocating for policies beneficial to stop-loss insurance coverage and captive insurance arrangements. Most of this work is done between January and June, when the majority of the State Legislatures around the country are in session.

2025 was another busy year for us, and we are pleased to report that our advocacy efforts in various State Capitols – coupled with our partnership with industry stakeholders and Coalitions – were successful in blocking efforts to prohibit the sale of a stop-loss insurance policy in certain cases, and we short-circuited efforts to pass State laws that would have dictated how a self-insured plan should be designed and operated. We also supported efforts to promote access to a captive insurance arrangement, and we tracked State efforts to regulate Artificial Intelligence (AI).

Now that most State Legislatures have adjourned for the year, we wanted to provide you with a summary of the most relevant State legislative proposals that we tracked throughout 2025. SIIA will continue to monitor those State Legislatures that are still in session, as well as any special sessions that may be called for, and we will keep you apprised of any relevant regulatory proposals that may be promulgated before the year's end.

Arizona:

Regulatory Licensure Issue – At the beginning of the year, SIIA learned that the Arizona Department of Insurance and Financial Institutions (DIFI) had taken the position that insurance carriers issuing stop-loss insurance policies to organizations sponsoring self-insured health plans must possess a Property and Casualty License. However, for decades, SIIA members selling stop-loss insurance in the State filed their stop-loss policies as a Life and Health product (not a Property and Casualty product) and only possessed a Life and Health License.

In response to DIFI's arbitrary position, we quickly organized a group of affected SIIA members and additional stakeholders, and we engaged DIFI on the matter. We kicked off our engagement by sending a formal letter to DIFI in which we explained that our member stop-loss insurance carriers issue their policies in accordance with Arizona Revised Statutes Title 20, Insurance Sec. 20-253, and they have submitted informational rate and form filings to DIFI without any previous objection to their license status. We also reminded DIFI that there is no legislative or regulatory basis for the DIFI's position. As a result of our letter, DIFI invited us to discuss the issue with the Commissioner's staff and join a DIFI Life & Health Advisory Committee meeting, where we were able to further articulate our position and educate staff on how stop-loss insurance is regulated in other States. DIFI continues to study the points that we raised, and we have been told that DIFI is considering issuing a Bulletin. SIIA will continue its dialogue with DIFI and advocate on behalf of our stop-loss carrier members.

Status – Ongoing

Connecticut:

SB 10 – Section 10 of SB 10 would have prohibited the sale of a stop-loss insurance policy to the sponsor of a self-insured health plan if the underlying plan did not cover the ACA's "essential health benefits" (EHBs) and the State's Mandated Benefits. Section 10 would have also prohibited the issuance of a stop-loss policy that had attachment points below specified dollar thresholds.

In response, SIIA submitted a letter explaining that we oppose arbitrary and unreasonable regulation of stop-loss insurance, including placing unreasonable dollar limits on attachment points. We also argued that prohibiting the issuance of a stop-loss policy to a self-insured plan that does not cover the ACA's EHBs and State Mandated Benefits was a back-door way of regulating the underlying self-insured plan, which is prohibited by ERISA's preemption provision. And, in an effort to educate State Legislators on how ERISA's preemption powers work, we furnished the Legislative Committee

with SIIA's White Paper on ERISA Preemption. The underlying legislation that included Section 10 was signed into law in June, but we are pleased to report that Section 10 (which included the offending language) was successfully removed from the final version of the bill.

Status – Signed into Law
(However, the offending language in Section 10 was not included)

SB 7 – Section 14 of SB 7 would have directed Connecticut's Health Care Cabinet to study whether a stop-loss insurance policy used in conjunction with a self-insured health plan should be regulated as a fully-insured health plan. In response, SIIA submitted a letter explaining that conducting such a study would be an inefficient use of State resources based on the fact that the Connecticut Department of Insurance had already conducted a similar study. Our letter also explained in detail how stop-loss insurance works and how and why stop-loss insurance is not "health insurance."

Status – The bill failed to pass the Legislature and is now dead.

SB 11– Section 12 of SB 11 would have required a stop-loss insurance policy to cover the ACA's EHBs and State's mandated benefits and also would have required a minimum of \$75,000 individual and \$250,000 aggregate attachment points. In response, SIIA submitted a letter once again explaining how stop-loss insurance works and how and why stop-loss insurance is

not health insurance. We further explained that stop-loss insurance only covers health benefits covered by the underlying self-insured plan, and if the underlying self-insured plan does not cover the ACA's EHBs or the State's mandated benefits, the stop-loss policy cannot be mandated to cover non-covered benefits.

Status – The bill failed to pass the Legislature and is now dead.

Indiana:

HB 1129 – This bill would have required insurers – and self-insured health plans – contracting with third parties to include providers of care for mental illness or substance abuse services as an in-network provider if the mental health/substance abuse provider is credentialed for medical or surgical services under the health plan. If enacted, this bill would have been preempted by ERISA and would not have been applicable to self-insured plans.

Status – The bill failed to pass the Legislature and is now dead.

Louisiana:

SB 16 – This bill would have prohibited the sale of a stop-loss insurance policy to an employer with 50 or fewer employees. The bill was being promoted by Blue Cross of Louisiana and had the support of the Governor and the Department of Insurance. SIIA worked with a group of stakeholders and Coalition partners to advocate on behalf of our members who opposed the bill. Through our letter, we explained that although States have a right to regulate their own insurance markets (including their stop-loss insurance market), the proposal is arbitrary and unreasonable and would significantly harm small-group self-insured plans in the State. We are pleased to report that this offending provision was successfully removed from the final version of the bill.

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¹ Based on medical record review of 573 patients, from multiple employers, referred into the Mayo Clinic Complex Care Program in 2024.

² American Health Policy Institute (AHPI); High Cost Claimants: Private vs. Public Sector Approaches

Status – Signed into Law (However, offending language was not included)

SB 110 – This bill included language explicitly eliminating ERISA's preemption powers, and it included self-insured health plans in the definition of "health insurance issuer" operating in the State. SIIA joined a group of stakeholders calling for the removal of this language from the underlying bill, and we successfully stopped the bill from progressing through the Legislature.

Status – The bill failed to pass the Legislature and is now dead.

New Jersey:

DOBI Report – Legislation enacted back in 2023 required the Department of Banking and Insurance (DOBI) to, among other things, analyze whether small employers that self-insure and obtain stop-loss coverage are adversely impacting the small group market. In connection with this study, SIIA and other stakeholders met with the NJ Insurance Commissioner multiple times to discuss our concerns about any future regulation of stop-loss insurance obtained by small employers. DOBI has not yet issued its report, and SIIA will remain engaged. For example, at the request of DOBI, we will assist in developing a White Paper on how stop-loss insurance works and why both large and small employers use stop-loss insurance as a risk mitigation tool.

Status – Ongoing

Rhode Island:

HB 5465 – This bill would have established a universal, comprehensive, single-payer healthcare insurance program. The program would be funded by consolidating government and private payments into a Medicare-for-all style single-payer program. SIIA opposes any universal health plan proposals that create

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additional financial burdens on employers, and particularly on any organization sponsoring a self-insured health plan. The bill was held for further study and will not pass this year. This is the identical bill that was introduced in the 2024 session as HB 8242. SIIA expects this bill to be reintroduced in the next session as well, and we will continue to oppose proposals that limit employer choice in providing health benefits for their employees.

Status – Held for further study, and no further action taken in 2025

Utah:

HB 385 – Tucked into an “omnibus bill” was a prohibition against the sale of a stop-loss insurance policy to groups with less than 10 employees. The Governor has since signed this omnibus bill into law, including this prohibition on stop-loss, which is now applicable to stop-loss policies issued on or after July 1, 2025. Efforts will be undertaken to strip this prohibition from the law in the 2026 Legislative Session, and SIIA will be a part of those efforts.

Status – Signed into law. Effective 7.1.25.

CAPTIVE INSURANCE

Arizona:

HB 2193 – This bill aimed to provide more flexibility for “dormant” designated captives, reducing compliance and capital requirements and allowing them to keep their structure intact for future use. It also lowers the barrier of entry for small and emerging captives by reducing the capital requirement for protected cell captives from \$500,000 to \$250,000. Additionally, the bill streamlines the renewal process by redefining the annual license renewal window.

Status – Signed into Law. Effective immediately.

Georgia:

HB 348 – This bill makes significant changes to the State’s captive insurance framework in an effort to increase its competitiveness as a domicile for captive insurers. The bill removes previous restrictions on the types of insurance or reinsurance that captive insurance companies can engage in, allowing them to operate in any line deemed appropriate by the Insurance Commissioner. It also updates the definition of “controlled unaffiliated business” to include businesses with new or existing reinsurance or risk-sharing relationships with a captive’s parent or affiliate, as well as direct or indirect investors in a pure captive insurance company. The bill was signed into law by the Governor in May.

Status – Signed into law. Effective Immediately.

Montana:

SB 60 – This bill revises the state’s taxation framework for captives beginning in 2026. The new framework introduces tiered premium tax rates for both direct and assumed reinsurance premiums, with lower rates applying to higher volumes of premiums. The law also sets a minimum annual tax of \$5,000, prorated quarterly for new entrants or license surrenders. Additionally, the bill distinguishes how protected cells and series structures are taxed, treating them differently for minimum tax purposes and exempting them from certain tax caps. The bill was signed into law in April.

Status – Signed into Law. Effective 1.1.26

South Carolina:

SB 210 – This bill allows for greater regulatory flexibility, eases compliance requirements, and aims to support captive industry growth in the State. The bill was signed into law by the Governor in May.

Status – Signed into Law. Effective Immediately.

TRENDS IN 2025 THAT WE EXPECT WILL CONTINUE IN 2026

ERISA Preemption – State-oriented organizations (like NCOIL) and some trade groups (like the community pharmacists) have made it clear that they would like to chip away at ERISA’s preemption powers. As a result, we have seen an uptick in State efforts to enact laws regulating PBMs. However, many of these State PBM laws have a “direct impact” on (1) the self-insured health plan’s design and (2) the administration of the self-insured plan. As a result, SIIA – along with our Coalition partners – believes that these types of State PBM laws are preempted by ERISA, and we have made this point clear not only to the State Legislators and Insurance Commissioners, but we have argued in the courts that these types of State PBM laws are preempted by ERISA. At the Federal level, these same groups have made noise on Capitol Hill about the extent and scope of ERISA’s

preemption powers, arguing that Congress should limit ERISA preemption in certain cases. As part of our Federal lobbying efforts, SIIA has pushed back hard on these arguments, and through our efforts, we can confidently report that Congress has NO interest in watering down ERISA’s preemption powers, and there are NO current proposals to do so. But SIIA and our Coalition partners are not going to sit on our hands as these organizations/trade groups make the rounds on the Hill and in the State Legislatures. We remain vigilant and active in our pursuit to protect ERISA’s preemption powers. For more information on ERISA and our position, see SIIA’s White Paper on ERISA Preemption.



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PBM/Drug Pricing Legislation – In the absence of Federal legislation, multiple States have been introducing PBM and drug pricing-related legislation (as noted above). In 2025, we saw over 150 bills introduced. Included in these bills are regulations specific to PBMs and PBM reporting requirements, along with restrictions on prior approval, step therapy, and implementation of “dispensing fees.” Many of these bills establish PDABs (Prescription Drug Advisory Boards) charged with developing ways to make prescription drugs more affordable and accessible. A number of these bills also require self-insured health plans to change their plan designs and dictate how self-insured plans must pay for covered prescription drugs. SIIA is already on record arguing that these State PBM and drug pricing-related bills are inapplicable to self-insured plans, as these requirements are indeed preempted (as also noted above).

NAIC and NCOIL 2026 Priorities and State Legislative Efforts – The NAIC and NCOIL generally work together on developing policy priorities aimed at regulating health insurance plans, which often results in efforts to regulate self-insured health plans. Reviewing and understanding the NAIC’s and NCOIL’s priorities for State legislation is helpful to follow, as it highlights the battles SIIA can expect to face in next year’s Legislative Sessions. More specifically, in 2026, we can expect the State policymakers to continue their focus on stop-loss insurance, PBMs, and ERISA preemption. Additionally, State policymakers will continue to look for ways to regulate the implementation of AI, despite Federal efforts to limit any State regulation of AI over the next 10 years.■

Anthony Murrello is SIIA’s State Government Relations Manager.

