STATE LEGISLATIVE SESSION WRAP-UP

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.

Now that most state legislatures have adjourned for the year, we wanted to provide an update on the most relevant activity we tracked throughout 2026. Compared to 2025, this was a noticeably quieter year on the state legislative front for our issues. While we continued to see targeted proposals around stop-loss regulation and broader efforts that could have impacted self-insured plans, there were fewer large-scale, high-impact bills that advanced compared to prior sessions. At the same time, we also saw continued movement at the federal level, particularly with new PBM reform and prescription drug transparency measures.

Looking ahead, the 2026 cycle reinforced the ongoing themes we have been tracking: states continue to explore ways to address affordability through insurance regulation, while also testing the boundaries of ERISA preemption. On the captive side, enacted legislation generally continued a constructive trend toward expanding access and modernizing domicile frameworks, even if the overall pace of activity was lighter than in 2025. SIIA will continue to monitor developments in both state legislatures that remain in session or reconvene for special sessions, as well as any regulatory activity that may emerge heading into 2027 and will keep members informed as these policy discussions evolve.

COLORADO:

SB 26-178 – As introduced, SB 26-178 proposed approximately $140 million in health insurance assessments, including a $40 million assessment on health insurance companies. Early discussions indicated that the legislation's sponsors intended for stop-loss carriers to be included within the scope of those assessments. SIIA engaged alongside industry stakeholders to oppose the proposal, emphasizing that imposing additional assessments on stop-loss coverage would increase costs for employers sponsoring self-insured health plans and undermine access to self-funding as a risk management tool. We are pleased to report that opposition efforts were successful, and the assessment provisions impacting stop-loss carriers were removed from the final legislation before passage.

Status – Signed into law on June 3rd, 2026, and the assessment language impacting stop-loss carriers was removed.

HB 26-1327 – This bill is also known as a "Walmart bill," it would impose an assessment on employers with 500 or more employees if a specified number of their workers were enrolled in the State Medicaid program. Although the bill was primarily directed at large employers rather than self-insured health plans specifically, the proposal was closely watched by SIIA and employer stakeholders due to its potential implications for employer-sponsored coverage and future efforts to shift public program costs onto private employers. The legislation faced significant opposition from employer organizations, including the U.S. Chamber of Commerce and the National Retail Federation.

Status – Passed the House but was postponed indefinitely in the Senate Finance Committee. The bill is effectively dead for the 2026 session.

CONNECTICUT:

SB 342 – Connecticut continues to be one of the most active states in pursuing policies affecting stop-loss insurance and employer-sponsored self-insured health plans. Over the past decade, SIIA has opposed numerous proposals that would have effectively regulated self-funded arrangements as fully insured health coverage. This year's legislation directs the Insurance Commissioner to study "excess insurance," which may include stop-loss insurance arrangements utilized by employers sponsoring self-insured plans. While the bill does not directly regulate stop-loss coverage, SIIA remains attentive to these studies because they have historically served as precursors to future legislative proposals.

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

MAINE:

Proposed Regulation 02.031, Chapter 135 – Employee Benefit Excess Insurance Standards – The Maine Bureau of Insurance proposed new standards governing employee benefit excess insurance, including stop-loss coverage. Among other provisions, the proposed regulation would prohibit carriers from providing financing arrangements below market rates for claims that have not yet reached the attachment point. The proposal would also require carriers to report stop-loss attachment points for each covered group. SIIA is monitoring the rulemaking process closely due to its potential impact on stop-loss product design and underwriting practices.

Status – Rulemaking remains ongoing.

NEW HAMPSHIRE:

SB 498 – SB 498 establishes the New Hampshire Children's Behavioral Health Association, which would be responsible for collecting assessments from certain "assessable entities" to fund children's behavioral health services. The definition of assessable entities includes insurance carriers, stop-loss insurers, and third-party administrators serving both fully insured and self-funded health plans. The legislation would establish a governing Board of Directors and create a new funding mechanism supported by assessments on market participants. Given the inclusion of stop-loss carriers and TPAs, SIIA has monitored the proposal closely to evaluate its potential impact on the self-insurance marketplace.

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

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NEW JERSEY:

A.3543 / A.3284 / S.2890 – These bills were introduced as companion bills and would require insurers issuing stop-loss (or excess risk) insurance to small employer health benefit plans to provide at least 90 days' written notice before canceling or declining to renew a policy. In addition to the 90-day cancellation/nonrenewal notice requirement, the bill codifies and reinforces existing New Jersey standards governing small-group stop-loss arrangements. Introduced January 13, 2026; referred to committee with no further action taken.

Status – The bills remain pending and alive through the 2026–2027 legislative session.

WASHINGTON:

HB 2626 – The bill proposed increasing the general premium tax on insurers from 2% to 3% while also creating a new 1% premium tax specifically applicable to stop-loss insurance. The proposal represents another example of states exploring additional revenue streams through targeted assessments on stop-loss coverage and related products.

SIIA opposed the bill, voicing our concern that proposals of this nature ultimately increase costs for employers sponsoring self-insured health plans and reduce access to affordable risk protection mechanisms.

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

RHODE ISLAND:

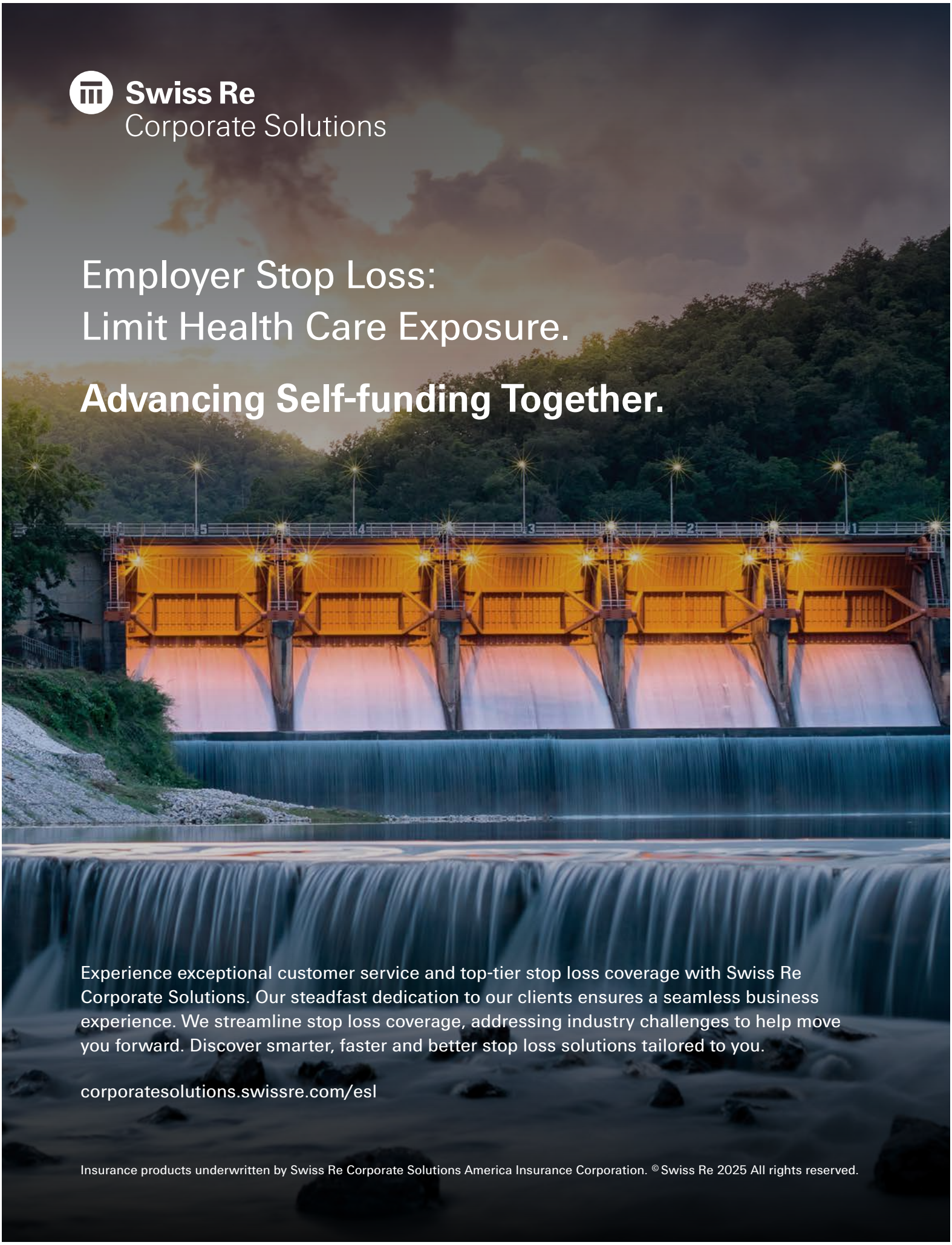
HB 5465 – This bill would have established a universal, comprehensive, single-payer healthcare insurance program. The program would be funded by consolidating government and private payments into a Medicare-for-all style single-payer program. SIIA opposes any universal health plan proposals that create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

RECURRING FOCUS AREAS/TENDS

Captive Insurance - In 2026, the Captive Insurance legislation that was enacted across key states continued a clear trend toward expanding access to captive structures and reinforcing a more competitive, business-friendly domicile environment. States such as Vermont and South Carolina advanced modernization packages that refined governance standards, streamlined regulatory processes, and enhanced flexibility for protected cell and sponsored captive arrangements, while jurisdictions like Florida and Louisiana pursued updates to improve competitiveness and attract new captive formations. Iowa also strengthened its framework for specialized captive and reinsurance activity, particularly in the life and reserve financing space. As a continuation of the trend we have seen in recent years, the 2026 enacted bills reflect a broader pattern of states competing for captive business by reducing friction in formation and operation, enhancing regulatory clarity, and positioning captives as a more accessible risk financing tool for employers and other commercial entities.

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. On account of this interest, 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) a self-insured health plan's design and (2) the administration of the self-insured plan. As a result, SIIA – along with our Coalition partners – believe 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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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. 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.

PBM/Drug Pricing Legislation – This year, there was a wave of Federal PBM reform activity, including provisions included in the Consolidated Appropriations Act of 2026, enacted in February, as well as the Department of Labor's final regulations on compensation disclosure. However, states remained highly active in advancing their own drug pricing and PBM-related legislation. While overall volume was more targeted than the record-setting activity in 2025 (when more than 150 bills were introduced), states continued to pursue a broad range of policies focused on PBM regulation, pricing transparency, and prescription drug affordability. These proposals included expanded reporting and disclosure requirements for PBMs, as well as restrictions on utilization management tools such as prior authorization and step therapy, along with continued growth in Prescription Drug Affordability Boards (PDABs) aimed at addressing drug cost concerns.

A number of States have attempted to extend beyond PBM regulation and directly impact self-insured health plan design, including requirements that would influence how plans structure prescription drug benefits and reimburse pharmacies. SIIA has continued to maintain that these types of state-level PBM and drug pricing mandates are preempted under ERISA when applied to self-insured employer plans, and we remain actively engaged in opposing efforts that would directly or indirectly regulate self-insured plan design or operations at the state level.

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NAIC and NCOIL 2027 Priorities and State Legislative Efforts – The NAIC and NCOIL continue to play an increasingly active role in shaping the policy framework that influences state insurance regulation, including areas that can affect self-insured employer plans. In 2026, the NAIC updated its committee structure and expanded the scope of its Health Insurance and Managed Care (B) Committee, including a renewed focus within the ERISA and Alternative Health Coverage Working Group on "alternative health coverage." Looking ahead to 2027, that working group is expected to concentrate on key issues, including ERISA preemption and state PBM laws, the development of a draft paper on level-funded arrangements, and a broader review of excepted benefits products such as short-term limited duration insurance, healthcare sharing ministries, and other arrangements marketed as alternatives to comprehensive major medical coverage. Together, these efforts reflect a continued regulatory interest in defining the boundaries between fully insured coverage, alternative products, and ERISA-governed self-insured plans. ■

Anthony Murrello is SIIA's state government relations manager. He can be reached at amurrello@siia.org.