

ENROLLED HOUSE
BILL NO. 2155

BY: MONSON, HENSHAW and
FALLIN of the HOUSE

and

HENDRICK, SHEDRICK and
RUBOTTOM of the SENATE

AN ACT RELATING TO INSURANCE; AMENDING 36 O.S.
1991, SECTIONS 4501 AND 4509.1, WHICH RELATE TO
GROUP OR BLANKET ACCIDENT OR HEALTH INSURANCE PLAN;
MODIFYING DEFINITIONS; MODIFYING LIABILITY OF
SUCCEEDING CARRIER; PROHIBITING PREEXISTING
CONDITION AND WAITING PERIOD LIMITATIONS FOR NEW
EMPLOYEES UNDER CERTAIN CONDITIONS; PROVIDING FOR
RULES AND REGULATIONS; PROVIDING FOR CODIFICATION;
AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 36 O.S. 1991, Section 4501, is
amended to read as follows:

Section 4501. Group accident and health insurance is hereby
declared to be that form of accident and health insurance covering
groups of persons as defined below, with or without one or more
members of their families or one or more of their dependents, or
covering one or more members of the families or one or more
dependents of persons in such groups, and issued upon the following
basis:

1. Under a policy issued to an employer or trustees of a fund
established by an employer, who shall be deemed the policyholder,
insuring at least ten employees of such employer for the benefit of
persons other than the employer. The term "employees" as used
herein shall be deemed to include the officers, managers, and
employees of the employer, the individual proprietor or partners if
the employer is an individual proprietor or partnership, the
officers, managers, and employees of subsidiary or affiliated
corporations, the individual proprietors, partners and employees of
individuals and firms, if the business of the employer and such
individual or firm is under common control through stock ownership,
contract, or otherwise. The term "employees" as used herein shall
be deemed to include retired employees. A policy issued to insure
employees of a public body may provide that the term "employees"
shall include elected or appointed officials.

2. Under a policy issued to an association, including a labor
union, which shall have a constitution and bylaws and which has been
organized and is maintained in good faith for purposes other than
that of obtaining insurance, insuring at least ten members,
employees, or employees of members of the association for the
benefit of persons other than the association or its officers or
trustees. The term "employees" as used herein shall be deemed to
include retired employees.

~~C. Each person who is eligible for coverage in accordance with the plan of benefits of the succeeding carrier, with respect to classes eligible, activity at work, and nonconfinement rules, was covered by the plan of the prior carrier shall be covered by the plan of benefits of said the succeeding carrier conditioned only upon the payment of the premium.~~

~~D. Each person not eligible for coverage pursuant to subsection C of this section shall be covered by the succeeding carrier in accordance with the following provisions if such individual was validly covered, including benefit extensions, under the prior plan on the date of discontinuance and if such individual is a member of the class or classes of individuals eligible for coverage under the plan of the succeeding carrier. Any reference in the following provisions to an individual who was or was not totally disabled is a reference to the status of the individual immediately prior to the date the coverage by the succeeding carrier becomes effective:~~

~~1. The minimum level of benefits to be provided by the succeeding carrier shall be the applicable level of benefits of the plan of the prior carrier reduced by any benefits payable by the prior plan; and~~

~~2. Coverage shall be provided by the succeeding carrier until at least the earliest of the following dates:~~

~~a. the date the individual becomes eligible under the plan of the succeeding carrier as described in subsection C of this section,~~

~~b. for each type of coverage, the date coverage for the individual would terminate in accordance with the provisions of the plan of the succeeding carrier, which are applicable to individual termination of coverage, or~~

~~c. in the case of an individual who was totally disabled, and in the case of a type of coverage for which Section 4509 of Title 36 of the Oklahoma Statutes requires an extension of benefits, the end of any period of extension of benefits which is required of the prior carrier by Section 4509 of Title 36 of the Oklahoma Statutes or, if the policy or contract of the prior carrier is not subject to said section, the end of any period of extension of benefits which would have been required of that carrier had its policy or contract been subject to Section 4509 of Title 36 of the Oklahoma Statutes at the time the prior plan was discontinued and replaced by the succeeding plan.~~

~~E. If there is a preexisting conditions limitation included in the plan of the succeeding carrier, the level of benefits applicable to preexisting conditions of persons becoming covered by the succeeding plan in accordance with this section during the period of time said limitation applies under the new plan shall be the lesser of:~~

~~1. The benefits of the new plan determined without application of the preexisting conditions limitation; or~~

~~2. The benefits of the prior plan.~~

~~F. The succeeding carrier, in applying any deductibles or waiting periods in its plan, including but not limited to waiting periods for preexisting conditions, shall give credit for the satisfaction or partial satisfaction of the same or similar provisions under a prior plan providing similar benefits and shall not impose any additional waiting periods for coverage for any person who was covered by the plan of the prior carrier. In the case of deductible provisions, the credit shall apply for the same~~

or overlapping benefit periods and shall be given for expenses actually incurred and applied against the deductible provisions of the prior plan during the ninety (90) days preceding the effective date of the succeeding plan but only to the extent these expenses are recognized under the terms of the plan of the succeeding carrier and are subject to similar deductible provision.

~~G.~~ E. If a determination of the benefits of the prior plan is required and requested by the succeeding carrier, upon receiving such request, the prior carrier shall furnish a statement of the benefits available or pertinent information sufficient either to permit verification of the benefits available under the prior plan or to permit the determination of the benefits by the succeeding carrier. For the purposes of this subsection, benefits of the prior plan shall be determined in accordance with all of the definitions, conditions, and covered expense provisions of the prior plan and shall not be subject to the definitions, conditions, and covered expense provisions of the succeeding plan. The benefit determination shall be made as if coverage had not been replaced by the succeeding carrier.

~~H.~~ F. Nothing in this section shall prevent an individual from electing not to be covered under the plan of benefits of the succeeding carrier.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4509.2 of Title 36, unless there is created a duplication in numbering, reads as follows:

A. When an individual employee who was covered under a group health insurance plan terminates employment with an employer and gains employment with another employer who provides for health insurance through a group plan, the carrier of the succeeding employer shall not apply preexisting conditions limitations or exclusions of preexisting conditions or apply waiting period requirements for the individual employee or his dependents covered under the group plan of the previous employer beyond the time when any surviving exclusion or waiting period with the prior carrier would have been fulfilled, provided the individual employee applies for the new coverage within thirty-one (31) days following the date of eligibility for participation in the plan in accordance with the employment or personnel policies of the employer for such participation.

B. When there is a lapse in the coverage of the individual employee provided for by subsection A of this section for any reason other than a probationary period or similar waiting period imposed by the employment or personnel policies of the employer, the provisions of subsection A of this section shall not apply.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4509.3 of Title 36, unless there is created a duplication in numbering, reads as follows:

The Insurance Commissioner shall adopt and promulgate rules for the provisions of Sections 4501 and 4509.1 of Title 36 of the Oklahoma Statutes and Section 3 of this act.

SECTION 5. This act shall become effective January 1, 1993.

Passed the House of Representatives the 22nd day of May, 1992.

Speaker of the House of
Representatives

Passed the Senate the 22nd day of May, 1992.

President of the Senate