

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

HOUSE BILL NO. 1511

BY: WEBB

AS INTRODUCED

AN ACT RELATING TO INSURANCE; AMENDING SECTION 1, CHAPTER 123, O.S.L. 1988 (36 O.S. SUPP. 1990, SECTION 4509.1), WHICH RELATES TO THE LIABILITIES FOR CERTAIN GROUP ACCIDENT AND HEALTH INSURANCE PLANS; MODIFYING LIABILITY FOR PREEXISTING CONDITIONS; PROVIDING FOR THE ESTABLISHMENT OF A PLAN FOR APPORTIONMENT OF CERTAIN RISKS FOR A CERTAIN PERIOD; PROVIDING FOR LIABILITY AFTER CERTAIN PERIOD; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. AMENDATORY Section 1, Chapter 123, O.S.L. 1988 (36 O.S. Supp. 1990, Section 4509.1), is amended to read as follows:

Section 4509.1 A. This section applies to determination of the liability of a carrier pursuant to a group or blanket accident or health insurance plan in those instances in which the contract of one carrier replaces a plan of similar benefits of another carrier. As used in this section, "carrier" means an insurer, including but not limited to a group hospital service or medical indemnity corporation, subject to the provisions of Title 36 of the Oklahoma Statutes.

B. The prior carrier shall be liable only to the extent of its accrued liabilities and extensions of benefits. The position of the prior carrier shall be the same whether the group policyholder or other entity responsible for making payments or submitting subscription charges to the carrier secures replacement coverage from a new carrier, self-insures, or foregoes the provision of coverage.

C. ~~Each~~ Except as provided in subsection H of this section, 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, shall be covered by the plan of benefits of said carrier.

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 lessor 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, shall give credit for the satisfaction or partial satisfaction of the same or similar provisions under a prior plan providing similar benefits. 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. 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. After consultation with the insurance companies authorized to issue group accident and health insurance policies in this state, the Insurance Commissioner shall establish a reasonable program for the apportionment among such companies of liabilities for coverage for persons with preexisting conditions who were eligible for coverage under the plan of the prior carrier. The coverage provided for in this subsection shall continue for two (2) years from the date that the contract of the succeeding carrier replaces the contract of the prior carrier. After the two-year period has expired, the succeeding carrier shall assume responsibility for coverage for the preexisting conditions.

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

SECTION 2. This act shall become effective September 1, 1991.

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