SHORT TITLE: Public health; creating the Oklahoma Health Care Reform Act; requiring Oklahoma Health Care Authority submit plans and recommendations regarding formation of health care purchasing alliances and qualified health plans; stating schedule for assuming purchasing responsibility for certain employers and persons; codification; effective date.

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

SENATE BILL NO. 1177 By: Monson

AS INTRODUCED

An Act relating to public health; creating the Oklahoma Health Care Reform Act; providing short title; defining terms; requiring Oklahoma Health Care Authority submit plans and recommendations regarding formation of health care purchasing alliances and qualified health plans; requiring recommendations include certain provisions; stating certain requirements for health care purchasing alliances certified after certain date; requiring certain assistance to members and providing certain immunity; requiring alliances bear full cost of operation; prohibiting alliances from bearing financial risk for health benefits programs; prohibiting alliances from directly brokering health benefits programs; clarifying use of agents and brokers; authorizing promulgation of certain rules; prohibiting establishment or operation of alliances after certain date unless certified by Authority; requiring certain information; requiring Authority certify only two alliances for certain designated regions of state; providing for application and deposit of application fee; requiring maintenance of certain records for certain period; authorizing establishment of qualified health plans by certain licensed entities; requiring plans be qualified by Authority and requiring certain information and qualifications; deeming certain health plans to have met qualifications; providing for application fee; stating requirements of qualified health plans; allowing plans to provide service to both alliances and to include out-of-state providers; stating schedule for assuming purchasing responsibility for certain employers and persons; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5021 of Title 63, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Health Care Reform Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5022 of Title 63, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Authority" means the Oklahoma Health Care Authority;

2. "Health care purchasing alliance" or "alliance" means a member-owned and governed nonprofit organization certified by the Authority to contract with and offer qualified health plans to its members and to provide related administrative and informational services; and

3. "Qualified health plan" means an insurer, not for profit hospital service or medical indemnity corporation, health maintenance organization, preferred provider organization, prepaid health plan or other such licensed and regulated entity that integrates health care providers and facilities and assumes risk in order to provide health care services and which is qualified by the Authority for such purposes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5023 of Title 63, unless there is created a duplication in numbering, reads as follows:

On or before January 1, 1997, the Oklahoma Health Care Authority shall submit plans, recommendations and proposed legislation to the Governor and the Legislature regarding the formation, qualification and regulation of health care purchasing alliances and qualified health plans. The plans, recommendations and proposed legislation shall provide for, but not be limited to, the following:

1. An objective method and criteria for certifying two (2) health care purchasing alliances, one for each region of this state as created herein;

2. Creation of two (2) geographic regions of this state, each to be serviced by one (1) health care alliance. The geographic boundaries of these regions shall be determined in a manner that allots to each region approximately the same rural and urban population mix and health care risk;

3. Establishment of a basic health benefits program;

4. An objective method and criteria for qualifying health plans which may be offered through the alliances;

5. Provisions for decertification of alliances and disqualification of health plans;

6. Establishment of a clearinghouse for the collection and dissemination of information necessary for the efficient operation of alliances, including the establishment of a risk profile information system related to qualified health plan enrollees that would permit the equitable distribution of losses among plans; and

7. Such other provisions as may be necessary for the efficient operation of health care alliances and to increase access to affordable and quality health care through qualified health plans.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5024 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Health care purchasing alliances certified on and after January 1, 1998, by the Oklahoma Health Care Authority shall:

1. Admit all individuals, employers, or other groups wishing to participate in the alliance, pursuant to the schedule set forth in Section 7 of this act;

2. Make available for purchase by alliance members the health benefits programs offered by any qualified health plan operating within the alliance's region;

3. Be operated as a member-governed and owned, nonprofit organization in which no qualified health plan or similar organization that integrates health care providers or facilities and assumes risk, or any individual with a pecuniary interest in any such organization, shall have any pecuniary interest in or management control of the cooperative;

4. Provide for centralized enrollment of members and for premium collection and distribution among qualified health plans; and

5. Serve as an ombudsman for its members to resolve inquiries, complaints, or other concerns with qualified health plans.

B. Certified health care purchasing alliances shall assist members in selecting qualified health plans and for this purpose may devise a rating system or similar system to judge the quality and cost-effectiveness of qualified health plans consistent with guidelines established by the Authority. For this purpose, each alliance and directors, officers, and other employees of the alliance are immune from liability in any civil action or suit arising from the publication of any report, brochure, or guide, or dissemination of information related to the services, quality, price, or cost-effectiveness of qualified health plans unless actual malice, fraud, or bad faith is shown. Such immunity is in addition to any common law or statutory privilege or immunity enjoyed by such person, and nothing in this section is intended to abrogate or modify in any way such common law or statutory privilege or immunity.

C. Certified health care purchasing alliances shall bear the full cost of their operations.

D. No certified health care purchasing alliance may bear any financial risk for the delivery of any health benefits program.

E. No certified health care purchasing alliance may directly broker, sell, contract for, or provide any insurance or health benefits program. However, nothing contained in this section shall be deemed to prohibit the use or employment of insurance agents or brokers by the alliance for other purposes.

F. The Authority may promulgate rules necessary for the implementation of this section including rules governing charter and bylaw provisions of alliances and may promulgate rules prohibiting or permitting other activities by alliances.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5025 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. On and after January 1, 1998, no person may establish or operate a health care purchasing alliance in this state without having first obtained a certificate of authority from the Oklahoma Health Care Authority.

B. Each proposed alliance shall furnish notice to the Authority that shall:

1. Identify the principal name and address of the alliance;

2. Furnish the names and addresses of the initial officers of the alliance;

3. Furnish copies of its proposed articles and bylaws; and

4. Provide other information as prescribed by the Authority to verify that the cooperative is qualified pursuant to criteria established pursuant to Section 3 of this act and will be managed by competent and trustworthy individuals.

C. 1. From the applications submitted, the Authority shall only certify two (2) health care purchasing alliances, one for each designated region of this state. The Authority shall set a date by which all required information must be submitted by applicants desiring to be certified as a health care purchasing alliance.

2. The Authority shall establish by rule a fee to be paid by each applicant in an amount necessary to review and approve applications for a certificate of authority. The fee shall accompany the application. Fees collected for such purpose shall be deposited in the Oklahoma Health Care Authority Revolving Fund.

D. Every alliance shall keep at its principal address a record of all transactions it has consummated on behalf of its members with qualified health plans. All such records shall be kept available and open to the inspection of the Authority at any business time during a five-year period immediately after the date of completion of the transaction.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5026 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A qualified health plan may be created by an insurer, not for profit hospital service or medical indemnity corporation, health maintenance organization, preferred provider organization, prepaid health plan or other such entity, for the purpose of providing health benefits to health care purchasing alliance members.

B. Each health plan that seeks to offer benefits to members of an alliance must first be qualified by the Oklahoma Health Care Authority pursuant to criteria established pursuant to Section 3 of this act, the provisions set forth in this section, and rules adopted by the Authority pursuant thereto. To qualify as a health plan, an applicant must submit information considered sufficient by the Authority, in a format prescribed by the Authority, to satisfactorily demonstrate that the plan:

1. Is licensed or certified and in good standing with the Insurance Commissioner or State Board of Health;

2. Has demonstrated the capacity to administer the health benefits programs it is offering;

3. Has the ability, experience, and structure to arrange for the appropriate level and type of health benefits;

4. Has the ability, policies, and procedures to conduct utilization management;

5. Has the ability to achieve, monitor, and evaluate the quality and cost-effectiveness of care provided by its provider network;

6. Has the ability to assure enrollees adequate access to providers of health care, including geographic availability and adequate numbers and types of providers;

7. Has the ability to recruit and retain health care practitioners who are minorities;

8. Has the ability and procedures to monitor access to its provider network;

9. Has a satisfactory grievance procedure and the ability to respond to enrollees' calls, questions, and complaints;

10. Has the ability to use medical outcome data to educate network providers, update utilization review procedures, and recommend modifications to benefit designs; and

11. Has the ability and policies that allow patients to receive care in the most appropriate and convenient setting.

If a health plan is accredited by a nationally recognized accrediting body or federal agency whose standards are acceptable to the agency, or if it is qualified or accredited as a health

maintenance organization, the health plan may be deemed to meet the requirements of this section.

C. The Authority shall establish a fee to be paid by each health plan to cover the Authority's cost in performing the qualification review.

D. A qualified health plan shall:

1. Require all providers that are part of the plan to report medical outcomes in accordance with standards set by the Authority;

2. Comply with all rating, underwriting, claims-handling, sales, solicitation, licensing, and unfair trade practices and other provisions of the Insurance Code or Section 2501 et seq. of Title 63 of the Oklahoma Statutes;

3. If a qualified health plan elects to terminate its contract, provide advance notice of its decision to the alliance at least one hundred twenty (120) days prior to such termination;

4. Maintain records and submit reports to the Authority and an alliance, as required;

5. Use the services of a licensed agent for the solicitation of insurance or procurement of applications or any other activities for which an insurance agent's license is required; and

6. At a minimum, offer the basic health benefits program established by the Authority.

E. A qualified health plan may provide services to both health care purchasing alliances established in this state.

F. A qualified health plan may include licensed providers located outside of this state.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5027 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. 1. Beginning January 1, 1998, each certified health care purchasing alliance shall assume responsibility for contracting with qualified health plans to provide benefits for state and education employees. All such duties related thereto pursuant to Section 5011 of Title 63 of the Oklahoma Statutes shall be

transferred to and carried out by each alliance for the state and education employees residing within the alliance's region.

2. Each certified health care purchasing alliance may accept into membership other public and private employers located in this state which request membership in the alliance and meet standards for employer contributions set by the Authority and shall contract with qualified health plans to provide benefits for their employees residing in the alliance's region.

B. No later than January 1, 2000, each certified health care purchasing alliance shall assume responsibility for contracting with qualified health plans to provide benefits for medicaid recipients and all other persons whose health benefits are state-purchased or state-subsidized. All such duties related thereto pursuant to Section 5003 of Title 63 of the Oklahoma Statutes shall be transferred to and carried out by each alliance for such persons residing within the alliance's region.

SECTION 8. This act shall become effective September 1, 1994.

44-2-1607 JY