

ENGROSSED SENATE
BILL NO. 474

By: Fisher and Monson of the
Senate

and

Rice of the House

[insurance and tax credits - basic health benefits
plans -
effective date]

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 6503, is
amended to read as follows:

Section 6503. As used in this act:

1. "Administrator" means the Administrator employed by the
Oklahoma Basic Health Benefits Board;

2. "Board" means the Oklahoma Basic Health Benefits Board;

3. "Dependent" means an eligible employee's spouse and
unmarried children or stepchildren within age limits and other
conditions as determined by the Board with regard to unmarried
children or stepchildren;

4. "Eligible employee" means an employee, sole proprietor,
associate of a limited liability company, or partner of a
partnership who:

a. is a resident of this state as defined pursuant to
rules promulgated by the Board,

b. works an average of twenty-four (24) hours a week or
more for an eligible employer, and

- c. was not covered by a group health insurance policy or plan offered by the same employer within the ~~fifteen~~ ~~(15)~~ six (6) months preceding the offer to purchase health insurance issued pursuant to this act;

5. "Eligible employer" means a corporation, partnership, limited liability company or sole proprietorship which:

- a. ~~has done~~ is actively engaged in business in this state ~~for at least one (1) year~~ as defined pursuant to rules promulgated by the Board,
- b. has not provided health insurance within the ~~fifteen~~ ~~(15)~~ six (6) months preceding the offer to purchase health insurance issued pursuant to this act ~~to at least seventy-five percent (75%) of~~ for all its employees who are residents of this state and who work an average of twenty-four (24) hours or more a week for ~~said the~~ the employer, and
- c. does not violate any rule of the Board promulgated to prevent abuse by parties who form firms primarily for the purpose of qualifying as an eligible employer;

6. "Issuer" means each entity which the Board approves to issue a state-certified, basic health benefits plan; and

7. "State-certified, basic health benefits plan" means ~~the a~~ a basic health benefits plan developed ~~and~~ or approved by the Oklahoma Basic Health Benefits Board and certified pursuant to this act, and for which an employer may receive a tax credit pursuant to Section 2357.31 of Title 68 of the Oklahoma Statutes.

SECTION 2. AMENDATORY 36 O.S. 1991, Section 6506, is amended to read as follows:

Section 6506. A. 1. The Oklahoma Basic Health Benefits Board shall ~~develop~~ certify as a basic health benefits plan those benefit plans which ~~provides~~ provide coverage for basic hospital and

physician care and limited coverage for mental health care, substance abuse treatment and prescription drugs.

2. The plan shall not include coverage for the following:

- a. cosmetic surgery, except for treatment of a congenital birth defect of a newborn, a covered mastectomy or injuries from an accident, as provided by rule of the Board,
- b. chronic fatigue treatment, and
- c. obesity remediation.

B. The plan may include coverage for transplant procedures which ~~shall be~~ are not experimental or investigative in nature, as defined by rule of the Board, and which may include, but are not limited to, heart, heart/double lung, lung, liver, pancreas, kidney, cornea and bone marrow transplants, and skin grafts.

C. The plan may, at the option of the carrier, exclude preexisting conditions for the first ninety (90) days of coverage. Subsequently, payments under the plan for treatment of a preexisting condition may be limited, during the first year of coverage, to benefits totalling Five Hundred Dollars (\$500.00) ~~during the first year of coverage, One Thousand Dollars (\$1,000.00) during the second year of coverage and One Thousand Five Hundred Dollars (\$1,500.00) during the third year of coverage. Thereafter, normal policy limits may apply.~~

D. Prenatal care, as defined by the Board, shall be included in the plan and shall not be subject to any deductible, copayment, or exclusion as a preexisting condition, except as provided by rule of the Board. Provided, the Board may limit the maximum dollar amount of coverage for such care.

E. The plan shall be offered to eligible employees and their dependents through eligible employers. Eligible employers shall be required to pay at least fifty percent (50%) of the full cost of the portion of the premium attributable to the eligible employee.

F. The plan ~~shall~~ may provide minimum participation requirements ~~for each employer which shall be as follows:~~

3 - 8	100% of employees
9 - 14	all but 1
15 - 18	all but 2
19 - 20	all but 3
21 - 23	all but 4
24 - 25	all but 5
over 25	75% of employees

~~For purposes of this subsection, "employees" means the employer and eligible employees except for an employer or employee who is covered as a dependent under another group health insurance policy or plan which are consistent with paragraph 3 of subsection C of Section 6519 of this title.~~

G. The plan may provide for evidence of insurability and may apply underwriting standards, deductibles, copayments, and exclusions for preexisting conditions, as determined by the Board, which are more restrictive than those applied to other eligible employees, for any proprietorship, partnership, limited liability company or corporation which is comprised of two individuals or less. The Board may develop rules to prevent abuse by parties who form firms primarily for the purpose of qualifying as an eligible employer.

SECTION 3. AMENDATORY 68 O.S. 1991, Section 2357.31, is amended to read as follows:

Section 2357.31 A. As used in this section:

1. "Eligible employer" means a corporation, partnership, limited liability company or sole proprietorship which:

- a. ~~has done business in this state for at least one (1) year~~ meets the criteria set forth in paragraph 5 of Section 6503 of Title 36 of the Oklahoma Statutes,

- ~~b.~~ ~~has not provided group health insurance within the fifteen (15) months preceding the offer to purchase group health insurance which meets the requirements of this section to at least seventy-five percent (75%) of its employees who are residents of this state and work an average of twenty-four (24) hours or more a week for said employer,~~
- ~~e.~~ offers ~~the~~ a state-certified, basic health benefits plan to all eligible employees who worked an average of ~~twenty-four (24) hours or more a week during the calendar quarter preceding the purchase of the policy,~~ and
- ~~d.~~ c. pays fifty percent (50%) or more of the full cost of the portion of the premium attributable to the employee for which the employer is claiming credit;

2. "Eligible employee" means an employee, sole proprietor, associate of a limited liability company, or partner of ~~the employer claiming the credit~~ a partnership who:

- ~~a.~~ ~~is a resident of this state,~~
- ~~b.~~ works an average of twenty-four (24) hours a week or more for the employer claiming the credit, and
- ~~c.~~ ~~was not covered by a group health insurance policy or plan offered by the same employer within the fifteen (15) months preceding the offer to purchase health insurance which meets the requirements of this section~~
- b. meets the criteria set forth in paragraph 4 of Section 6503 of Title 36 of the Oklahoma Statutes; and

3. "State-certified, basic health benefits plan" means ~~the~~ a basic health benefits plan ~~developed and approved~~ certified by the Oklahoma Basic Health Benefits Board, pursuant to Section 6506 of Title 36 of the Oklahoma Statutes.

B. For tax years beginning after December 31, 1990, there shall be allowed to an eligible employer a credit against the tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title for premiums paid on behalf of each eligible employee who elects to participate in ~~the~~ a state-certified, basic health benefits plan and meets the requirements of this section. The credit shall be in the amount of Fifteen Dollars (\$15.00) a month for each eligible employee and shall be allowed for ~~two (2)~~ five (5) consecutive tax years. Provided, if the tax liability of an employer pursuant to Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title is less than the credit to which the employer is entitled pursuant to this section, the Oklahoma Tax Commission shall pay a refund to the employer. The refund shall equal the difference between the amount of taxes owed, after any other credits or exemptions to which the employer is entitled have been applied to the tax liability, and the credit to which the employer is entitled pursuant to this section for the tax year.

C. The credit shall not be granted unless the eligible employer certifies to the Oklahoma Tax Commission that each employee for which the credit is claimed is participating in ~~the~~ a state-certified, basic health benefits plan.

D. The Oklahoma Tax Commission shall develop and issue appropriate forms and instructions to enable eligible employers to claim the tax credit. The Commission shall promulgate rules to facilitate the implementation of this section.

E. An employer who, prior to January 1, 1996, has claimed the tax credit for two (2) consecutive tax years may claim the credit for each participating employee for an additional three (3) consecutive tax years.

SECTION 4. This act shall become effective January 1, 1996.

Passed the Senate the 27th day of February, 1995.

President of the Senate

Passed the House of Representatives the ____ day of
_____, 1995.

Speaker of the House of
Representatives