

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2963

By: Vaughn

AS INTRODUCED

An Act relating to workers' compensation; amending Section 8, Chapter 349, O.S.L. 1993 (85 O.S. Supp. 1995, Section 14.1), which relates to a pilot program of integrated management; enabling employers to obtain comprehensive twenty-four-hour coverage; creating the "Twenty-Four-Hour Coverage Pilot Project Act; designating topics for rules promulgation; providing definitions; establishing criteria for approval; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY Section 8, Chapter 349, O.S.L. 1993 (85 O.S. Supp. 1995, Section 14.1), is amended to read as follows:

Section 14.1 A. The Insurance Commissioner of the State of Oklahoma shall establish a pilot program of integrated management of an employer's workers' compensation and group health insurance claims by an insurer authorized to do business in the state and shall promulgate such rules as may be necessary to implement the provisions of this section by July 1, 1997. The integrated management of such claims shall in no event affect any benefits,

rights or coverage established pursuant to a workers' compensation insurance policy.

B. Notwithstanding any provision of the Oklahoma Statutes to the contrary, an employer may secure workers' compensation coverage for employees through a comprehensive twenty-four-hour coverage insurance product offered under the pilot program and approved by the Insurance Commissioner pursuant to Sections 2 through 5 of this act.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4601 of Title 36, unless there is created a duplication in numbering, reads as follows:

Sections 2 through 5 of this act shall be known as the "Twenty-Four-Hour Coverage Pilot Project Act."

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4602 of Title 36, unless there is created a duplication in numbering, reads as follows:

All pilot projects of integrated management as authorized in Section 14.1 of Title 85 of the Oklahoma Statutes shall be subject to approval by the Insurance Commissioner. The Commissioner shall promulgate the rules necessary to implement these pilot projects regarding:

1. Benefits required to be provided by contract;
2. Benefits required to be paid after the expiration of the pilot projects for compensable work-related injuries which occurred during the term of the project. The Commissioner shall determine if the additional benefits may be provided under a twenty-four-hour insurance policy or under a traditional workers' compensation policy;
3. Health insurance benefits required to be paid after the expiration of the pilot projects. Policies issued to provide health insurance benefits following the pilot project shall not exclude conditions which first became known or manifested during the period

of the pilot project unless treatment is being rendered under a workers' compensation policy;

4. Rights of the employee to benefits in the event of cancellation of coverage or termination of employment prior to the expiration of the pilot project;

5. All reporting requirements; and

6. Grievance procedures.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4603 of Title 36, unless there is created a duplication in numbering, reads as follows:

As used in the Twenty-Four-Hour Coverage Pilot Project Act:

1. "Experience modification factors" mean such factors promulgated in accordance with the approved plan, for prospective application, which reflect the relative loss experience of an insured;

2. "Form" or "Policy form" means the contractual agreement between the carrier and the insured that provides the terms and conditions of the coverage granted. It includes the contract or policy, any declarations or certificate, any endorsement or rider, the benefits plan or any other document that amends the insurance contract;

3. "Twenty-four-hour medical insurance policy" means a single insurance policy or plan that provides health care benefits for both work-related and non-work-related injuries, but which may provide either disability benefits only for work-related injuries or both work-related and non-work-related injuries; and

4. "Work-related injury" means that type of injury, illness or disease, including death, which is considered to be a compensable injury under the Workers' Compensation Act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4604 of Title 36, unless there is created a duplication in numbering, reads as follows:

A. A carrier authorized to write workers' compensation insurance pursuant to the Workers' Compensation Act or authorized to write health insurance or health benefits plans pursuant to the Oklahoma Insurance Code may, without further amending its certificate of authority, participate either singly, jointly or by contract, in the pilot project and issue insurance contracts, if approved by the Commissioner.

B. The Insurance Commissioner shall consider at least the following criteria in the approval process for carriers to participate in the pilot project:

1. A demonstrated history of financial stability;
2. Ability to establish reserves and such additional deposits as the Commissioner decides may be necessary for occurrence based claims;
3. Ability to commit the necessary resources for the duration of the entire pilot project;
4. Structural ability to establish managed care arrangements;
5. A demonstrated ability to comply with the reporting requirements of the pilot project;
6. Ability to provide recommendations to employers and implement safety, wellness and loss control programs;
7. Minimum capital and surplus as determined by the Insurance Commissioner;
8. Acceptance by all employers of the terms and conditions of the pilot project;
9. An approved complaint procedure, described in writing and provided to all affected workers and health care providers.

SECTION 6. This act shall become effective November 1, 1996.

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