STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1702 By: Stanley

COMMITTEE SUBSTITUTE

An Act relating to public health and safety; amending 63 O.S. 1991, Section 2504, as amended by Section 4, Chapter 343, O.S.L. 1993, and 2505, as amended by Section 5, Chapter 343, O.S.L. 1993 (63 O.S. Supp. 1996, Sections 2504 and 2505), which relate to health maintenance organizations and prepaid health plans; deeming certain organizations and plans in noncompliance for certain actions, omissions or submissions; adding to certain prohibitions; providing for comprehensive health services; specifying certain requirements; and providing an effective date.

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

SECTION 1. AMENDATORY 63 O.S. 1991, Section 2504, as amended by Section 4, Chapter 343, O.S.L. 1993 (63 O.S. Supp. 1996, Section 2504), is amended to read as follows:

Section 2504. A. 1. Upon compliance with the provisions of Section 2501 et seq. of this title, any organization, association, or corporation, public or private, may be licensed by the State Department of Health to organize, operate and maintain a health maintenance organization or a prepaid health plan for its duly enrolled members and their dependents in this state.

2. Prior to the issuing of any license to a health maintenance organization or a prepaid health plan, the State Department of Health shall forward one copy of the application to the Insurance Commissioner, who shall be required within thirty (30) days to review said application with regard to the provisions in the application for fiscal responsibility and fiducial integrity, and make recommendations to the Department.

3. If a response is not received from the Insurance Commissioner within thirty (30) days, the Department may proceed to make a determination upon the application as submitted. The Insurance Commissioner, after notice and hearing, may promulgate such reasonable rules as are necessary to provide for the licensing of agents.

B. 1. The Department shall annually determine if each health maintenance organization or prepaid health plan has complied with all requirements set forth in this section and in any rules promulgated pursuant to Section 2501 et seq. of this title. Every health maintenance organization and prepaid health plan may be relicensed, annually, upon compliance with the provisions of Section 2501 et seq. of this title and any regulations promulgated pursuant ~~to the provisions of Section 2501 et seq. of this title~~ thereto.

2. A health maintenance organization or prepaid health plan shall be deemed in noncompliance and shall not be relicensed by the Department if its:

a. application for license renewal,

b. evidence of coverage,

c. standards and procedures for the selection of providers, or

d. any other documents filed with the Department,

contain definitions of words or terms that are contrary to or inconsistent with the definitions of words or terms appearing in Section 2503 of this title or appearing in the rules promulgated pursuant thereto.

C. Enrollment in any such organization or plan shall be voluntary only.

~~B.~~ D. A license from the Department shall not be required for any prepaid health plan duly licensed as an insurer by the Insurance Commissioner pursuant to Title 36 of the Oklahoma Statutes. Nothing in this subsection shall be construed to prevent a person from electing to apply for and obtain separate licenses as an insurer under Title 36 of the Oklahoma Statutes and as a prepaid health plan under Section 2501 et seq. of this title.

~~C.~~ E. Each application or reapplication for a license or annual license renewal pursuant to the provisions of this section shall be accompanied by an application fee of Five Thousand Dollars ($5,000.00).

SECTION 2. AMENDATORY 63 O.S. 1991, Section 2505, as amended by Section 5, Chapter 343, O.S.L. 1993 (63 O.S. Supp. 1996, Section 2505), is amended to read as follows:

Section 2505. A. Health maintenance organizations and prepaid health plans shall provide comprehensive health services directly or by contract or agreement with other persons, corporations, institutions, associations, foundations or other legal entities, public or private, the services required of it in accordance with this act and the laws governing such professions and services. Such organizations and plans may contract or agree with other persons to provide actuarial, underwriting, marketing, billing, fiscal, and other services as may be required for the operation of a health maintenance organization or prepaid health plan. Health maintenance organizations and prepaid health plans may contract to provide certain selected comprehensive health services for organizations or corporations which provide certain other comprehensive health services to their members or employees through alternative health care plans.

B. 1. A health maintenance organization or prepaid health plan shall not:

a. engage in the practice of medicine or any other profession except as provided by law, or

b. prohibit or restrict a primary care physician from referring a patient to a specialist within the network if such referral is deemed medically necessary in the judgment of the primary care physician.

2. A health maintenance organization or prepaid health plan shall provide comprehensive health services in a manner that is reasonably geographically convenient to residents of the service area for which it seeks a license.

C. A health maintenance organization or prepaid health plan may adjust its prepaid premium to permit financial risk-sharing with other organizations or corporations which contract with the health maintenance organization or prepaid health plan to provide such selected services.

SECTION 3. This act shall become effective November 1, 1997.

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