

ENGROSSED HOUSE  
BILL NO. 1627

By: Cox, Smith (Dale) and  
Sullivan (Leonard) of the  
House

and

Fisher of the Senate

An Act relating to insurance; amending Section 3, Chapter 329, O.S.L. 1992, as amended by Section 3, Chapter 211, O.S.L. 1994 (36 O.S. Supp. 1998, Section 6513), which relates to the Small Employer Health Insurance Reform Act; deleting application of act to a certain type of federal plans or programs; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 3, Chapter 329, O.S.L. 1992, as amended by Section 3, Chapter 211, O.S.L. 1994 (36 O.S. Supp. 1998, Section 6513), is amended to read as follows:

Section 6513. A. The Small Employer Health Insurance Reform Act shall apply to any group health benefit plan that provides coverage to two (2) or more employees of a small employer in this state and to individual health benefits plans providing coverage for the employees of a small employer which may include the employer when three (3) or more of such individual plans are sold to a small employer if any of the following conditions are met:

1. Any portion of the premium or benefits is paid by or on behalf of the small employer;

2. An eligible employee or dependent is reimbursed, whether through wage adjustments or otherwise, by or on behalf of the small employer for any portion of the premium; or

3. The health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program

for the purposes of Section 162, ~~Section 125~~ or Section 106 of the United States Internal Revenue Code.

B. 1. Except as provided in paragraph 2 of this subsection, for the purposes of the Small Employer Health Insurance Reform Act, carriers that are affiliated companies or that are eligible to file a consolidated tax return shall be treated as one carrier and any restrictions or limitations imposed by the Small Employer Health Insurance Reform Act shall apply as if all health benefit plans issued to small employers in this state by such affiliated carriers were issued by one carrier, unless on or before July 1, 1992, the respective affiliate carriers operated with separate books of business as insurers of health benefit plans in which event each such affiliate carrier shall be treated as a separate carrier.

2. An affiliated carrier that is a health maintenance organization having a license under Section 2501 et seq. of Title 63 of the Oklahoma Statutes may be considered to be a separate carrier for the purposes of the Small Employer Health Insurance Reform Act.

C. Unless otherwise authorized by the Insurance Commissioner, a small employer carrier shall not enter into one or more ceding arrangements with respect to health benefit plans delivered or issued for delivery to small employers in this state if such arrangements would result in less than fifty percent (50%) of the insurance obligation or risk for such health benefit plans being retained by the ceding carrier.

SECTION 2. This act shall become effective July 1, 1999.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 24th day of February,  
1999.

\_\_\_\_\_  
Speaker of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
President of the Senate