

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

HOUSE BILL HB2048

By: Hefner

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 1991, Section 4402, which relates to filing of accident and health policies; requiring Insurance Commissioner approval of premium rates; amending 36 O.S. 1991, Section 4501, as last amended by Section 9, Chapter 294, O.S.L. 1994 (36 O.S. Supp. 1999, Section 4501), which relates to group accident and health insurance eligible groups; defining certain term; defining additional group eligible to issue policies; establishing certain criteria for issuance of policies by the group; amending Section 3, Chapter 304, O.S.L. 1992, as last amended by Section 1, Chapter 304, O.S.L. 1998 (36 O.S. Supp. 1999, Section 4509.2), which relates to accepting coverage of certain persons by succeeding carriers; prohibiting a succeeding carrier from applying preexisting conditions limitations or exclusions to certain employees and dependents; requiring application for coverage within a certain time; providing an exception from coverage requirement under certain conditions; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 4402, is amended to read as follows:

Section 4402. On and after the effective date of this Code, no policy of insurance against loss or expense from the sickness, or from the bodily injury or death of the insured by accident shall be issued or delivered to any person in this state, nor shall any application, rider or endorsement be used in connection ~~therewith~~ with a policy until a copy of the form ~~thereof~~, and of the classification of risks, and the premium rates ~~pertaining thereto~~, have been filed with and approved by the Insurance Commissioner. If the Insurance Commissioner disapproves the policy, application,

rider ~~or~~, endorsement form, ~~said~~ or premium rates, the Commissioner shall make a written decision stating the reason or reasons ~~therefor~~ for the decision, and shall deliver a copy ~~thereof~~ to the company, ~~and it.~~ It shall be unlawful for any such insurer to use any such disapproved form in the state. ~~Any such~~ An insurer shall have twenty (20) days from the date of receipt of the notice of disapproval in which to request a hearing on such disapproval.

SECTION 2. AMENDATORY 36 O.S. 1991, Section 4501, as last amended by Section 9, Chapter 294, O.S.L. 1994 (36 O.S. Supp. 1999, Section 4501), is amended to read as follows:

Section 4501. A. Group accident and health insurance is hereby declared to be that form of accident and health insurance covering groups of persons as defined below, with or without one or more members of their families or one or more of their dependents, or covering one or more members of the families or one or more dependents of persons in such groups, and issued upon the following basis:

1. Under a policy issued to an association, including a labor union, which shall have a constitution and bylaws and which has been organized and is maintained in good faith for purposes other than that of obtaining insurance, insuring at least ten members, employees, or employees of members of the association for the benefit of persons other than the association or its officers or trustees. The term "employees" as used herein shall be deemed to include retired employees. The term "association", with respect to health insurance coverage offered and as used herein shall be deemed to include an association which:

- a. has been actively in existence for at least five (5) years,
- b. has been formed and maintained in good faith for purposes other than obtaining insurance,

- c. does not condition membership in the association on any health-status-related factor of an individual,
- d. makes health insurance coverage offered through the association available to all members regardless of any health-status-related factor of the member,
- e. does not make health insurance coverage offered through the association available other than in connection with a member of the association, and
- f. meets any additional requirements as may be imposed under state law;

2. Under a policy issued to the trustees of a fund established by two or more employers or by one or more labor unions or by one or more employers and one or more labor unions, which trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or the unions. The term "employees" as used herein shall be deemed to include the officers, managers and employees of the employer, and the individual proprietor or partners if the employer is an individual proprietor or partnership. The term "employees" as used herein shall be deemed to include retired employees. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship;

3. Under a policy issued to any persons or organizations to which a policy of group life insurance may be delivered in this state, to insure any class or classes of individuals that could be insured under such group life policy;

4. Under a health insurance policy issued to an employer or trustees of a fund established by an employer, who shall be deemed the policyholder insuring at least one employee of such employer for the benefit of persons other than the employer. The term "employee" as used herein shall be deemed to include the officers, managers,

and employees of the employer, the individual proprietor or partners if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations, the individual proprietors, partners and employees of individuals and firms, if the business of the employer and such individual or firm is under common control through stock ownership, contract, or otherwise. The term "employee" as used herein shall be deemed to include retired employees and their dependents and the dependents of employees eligible for Medicare. A policy issued to insure employees of a public body may provide that the term "employees" shall include elected or appointed officials;

5. Under a policy issued to cover any other substantially similar group which, in the discretion of the Insurance Commissioner, may be subject to the issuance of a group accident and health policy or contract; and

6. Under a policy issued to cover any other group subject to the requirement that no group health insurance policy shall be delivered in this state unless the Insurance Commissioner finds that:

- a. the issuance of such group policy is not contrary to the best interest of the public,
- b. the issuance of the group policy would result in economies of acquisition or administration, and
- c. the benefits are reasonable in relation to the premiums charged.

B. Nothing in this article validates any charge or practice illegal under any rule of law or regulation governing usury, small loans, retail installment sales, or the like, or extends the application of any such rule of law or regulation to any transaction not otherwise subject thereto.

SECTION 3. AMENDATORY Section 3, Chapter 304, O.S.L. 1992, as last amended by Section 1, Chapter 304, O.S.L. 1998 (36 O.S. Supp. 1999, Section 4509.2), is amended to read as follows:

Section 4509.2 A. When an insured individual or a dependent who was covered by group insurance pursuant to the provisions of the Health Insurance Portability and Accountability Act of 1996, 29 U.S.C.A., Section 1181 et seq., gains employment with an employer who provides for health insurance through a group plan, the succeeding group carrier shall accept the insured individual and dependents of the insured individual who were covered under the prior coverage and shall not apply limitations or exclusions based on preexisting conditions or apply waiting period requirements for the insured individual or the dependents of the insured individual beyond the time when any surviving exclusion or waiting period with the prior carrier would have been fulfilled. The insured individual and any dependents of such individual must apply for the new coverage within sixty-three (63) days following the date of termination of prior creditable coverage.

B. When an insured individual or dependent who was covered by individual insurance pursuant to the provisions of the Health Insurance Portability and Accountability Act of 1996, 29 U.S.C.A., Section 1181 et seq., gains employment with an employer who provides for health insurance through a group plan, the succeeding group carrier shall accept the insured individual and dependents of the insured individual who were covered under the prior coverage and shall not apply limitations or exclusions based on preexisting conditions or apply waiting period requirements for the insured individual or the dependents of the insured individual beyond the time when any surviving exclusion or waiting period with the prior carrier would have been fulfilled. The insured individual and any dependents of such individual must apply for the new coverage within

sixty-three (63) days following the date of termination of prior creditable coverage.

C. Insurance carriers receiving an application for individual insurance may underwrite the risk or decline coverage based on the underwriting guidelines of the insurance carrier. Upon denial of coverage, insurance carriers shall advise the applicant of the existence of, and how to apply for coverage under, the Health Insurance High Risk Pool.

D. When there is a lapse in the coverage of the insured individual or a dependent of the insured individual provided for by subsections A, B, and C of this section for any reason other than a probationary period or similar waiting period imposed pursuant to personnel policies of an employer, the provisions of subsections A, B, and C of this section shall not apply to the person whose coverage lapsed.

E. When an individual employee who was covered under a group health insurance plan terminates employment with an employer and gains employment with another employer who provides for health insurance through a group plan, the carrier of the succeeding employer shall not apply preexisting conditions limitations or exclusions of preexisting conditions or apply waiting period requirements for the individual employee or dependents of the employee covered under the group plan of the previous employer beyond the time when any surviving exclusion or waiting period with the prior carrier would have been fulfilled, provided the individual employee applies for the new coverage within thirty-one (31) days following the date of eligibility for participation in the plan in accordance with the employment or personnel policies of the employer for such participation.

F. When there is a lapse of coverage of an individual employee as provided for in subsection E of this section for any reason other than a probationary period or similar waiting period imposed by the

employment or personnel policies of the employer, the provisions of subsection E of this section shall not apply.

SECTION 4. This act shall become effective July 1, 2000.

SECTION 5. 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.

47-2-7755            KB            6/12/15