

THE HOUSE OF REPRESENTATIVES  
Thursday, February 26, 2009

House Bill No. 1038

HOUSE BILL NO. 1038 - By: COX of the House.

An Act relating to insurance; authorizing certain insurers to issue certain accident and health insurance policies to certain individuals; stating purpose; defining terms; providing for written application for participation in plan; requiring certain language for written application and for plans issued to certain individuals; providing for written disclosure statement; stating requirements of disclosure statement; requiring signature on disclosure statement; stating requirements of insurer with regard to disclosure statement; requiring Insurance Commissioner to adopt and promulgate certain rules; requiring certain insurers to offer certain additional policy; requiring certain insurers to file rate information with the Oklahoma Insurance Department; providing for codification; and providing an effective date.

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

1           SECTION 1.   NEW LAW   A new section of law to be codified in the Oklahoma  
2 Statutes as Section 4413 of Title 36, unless there is created a duplication in numbering,  
3 reads as follows:

4           The Legislature recognizes the need for individuals under forty (40) years of age in  
5 this state to have the opportunity to choose health insurance plans that are more  
6 affordable and flexible than existing market policies offering accident and health  
7 insurance coverage. The Legislature, therefore, seeks to increase the availability of  
8 health insurance coverage by allowing insurers authorized to engage in the business of

1 insurance in this state to issue accident and health insurance policies to individuals  
2 under forty (40) years of age that do not offer or provide state-mandated health benefits.

3 SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma  
4 Statutes as Section 4414 of Title 36, unless there is created a duplication in numbering,  
5 reads as follows:

6 As used in this act:

7 1. "Health carrier" means any entity or insurer authorized under Title 36 of the  
8 Oklahoma Statutes to provide accident or health insurance or health benefits in this  
9 state and any entity or person engaged in the business of making contracts of accident or  
10 health insurance;

11 2. "Standard health benefit plan" means an accident or health insurance policy that  
12 does not offer or provide state-mandated health benefits, but that provides creditable  
13 coverage, and is issued to an individual under forty (40) years of age; and

14 3. "State-mandated health benefits" means coverage for health care services or  
15 benefits, required by state law or state regulations, requiring the reimbursement or  
16 utilization related to a specific illness, injury, or condition of the covered person, or  
17 inclusion of a specific category of licensed health care practitioner to be provided to the  
18 covered person in a health benefit plan for a health-related condition of a covered person.

19 Provided, that for the purposes of the options provided by this act, state-mandated health  
20 benefits which may be excluded in whole or in part shall not include any health care  
21 services or benefits which are mandated by federal law. "State-mandated health  
22 benefits" does not mean standard provisions or rights required to be present in a health

UNDERLINED language denotes Amendments to present Statutes.  
**BOLD FACE CAPITALIZED** language denotes Committee Amendments.  
~~Strike thru~~ language denotes deletion from present Statutes.

1 benefit plan pursuant to state law or state regulations unrelated to a specific illness,  
2 injury or condition of the insured including, but not limited to, those related to  
3 continuation of benefits found in Sections 4401 through 4411 and 4501 through 4513 of  
4 Title 36 of the Oklahoma Statutes.

5 SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma  
6 Statutes as Section 4415 of Title 36, unless there is created a duplication in numbering,  
7 reads as follows:

8 A. A health carrier may offer one or more standard health benefit plans to  
9 individuals under forty (40) years of age.

10 B. Each written application by an individual under forty (40) years of age for  
11 participation in a standard health benefit plan shall contain the following language at  
12 the beginning of the document in bold type:

13 “You have the option to choose this Consumer Choice of Benefits Health Insurance  
14 Plan that does not provide state-mandated health benefits normally required in accident  
15 and health insurance policies in the State of Oklahoma. This standard health benefit  
16 plan may provide a more affordable health insurance policy for you although, at the same  
17 time, it may provide you with fewer health benefits than those normally included as  
18 state-mandated health benefits in policies in the State of Oklahoma.”

19 C. Each standard health benefit plan issued to an individual under forty (40) years  
20 of age shall contain the following language at the beginning of the document in bold type:

21 “This Consumer Choice of Benefits Health Insurance Plan does not provide state-  
22 mandated health benefits normally required in accident and health insurance policies in

1 the State of Oklahoma. This standard health benefit plan may provide a more affordable  
2 health insurance policy for you although, at the same time, it may provide you with fewer  
3 health benefits than those normally included as state-mandated health benefits in  
4 policies in the State of Oklahoma.”

5 SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma  
6 Statutes as Section 4416 of Title 36, unless there is created a duplication in numbering,  
7 reads as follows:

8 A. An insurer providing a standard health benefit plan shall provide a proposed  
9 policyholder or policyholder with a written disclosure statement that:

10 1. Acknowledges that the standard health benefit plan being purchased does not  
11 provide state-mandated health benefits;

12 2. Lists those state-mandated health benefits not included under the standard  
13 health benefit plan; and

14 3. Provides a notice that purchase of the plan may limit the future coverage options  
15 of the policyholder in the event the health of the policyholder changes and needed  
16 benefits are not available under the standard health benefit plan.

17 B. Each applicant for initial coverage and each policyholder on renewal of coverage  
18 shall sign the disclosure statement provided by the insurer under subsection A of this  
19 section and return the statement to the insurer.

20 C. An insurer shall:

21 1. Retain the signed disclosure statement in the records of the insurer; and

1           2. On request of the Insurance Commissioner, provide the signed disclosure  
2 statement to the Oklahoma Insurance Department.

3           SECTION 5.   NEW LAW   A new section of law to be codified in the Oklahoma  
4 Statutes as Section 4417 of Title 36, unless there is created a duplication in numbering,  
5 reads as follows:

6           The Insurance Commissioner shall adopt rules as necessary to implement the  
7 provisions of this act.

8           SECTION 6.   NEW LAW   A new section of law to be codified in the Oklahoma  
9 Statutes as Section 4418 of Title 36, unless there is created a duplication in numbering,  
10 reads as follows:

11           A. An insurer that offers one or more standard health benefit plans as provided for  
12 in this act shall also offer at least one accident or health insurance policy with state-  
13 mandated health benefits that is otherwise authorized by Title 36 of the Oklahoma  
14 Statutes.

15           B. A health carrier shall file for informational purposes with the Oklahoma  
16 Insurance Department the rates to be used with a standard health benefit plan. Nothing  
17 in this subsection shall be construed as granting the Insurance Commissioner any power  
18 or authority to determine, fix, prescribe, or promulgate the rates to be charged for any  
19 individual accident and health insurance policy or policies as provided for in this act.

20           SECTION 7. This act shall become effective November 1, 2009.

21           COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND  
22 FINANCIAL SERVICES, dated 02-25-09 - DO PASS.