

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.:	HB 2026
Version:	Committee Substitute
Author:	Rep. Kris Steele
Date:	February 25, 2009
FY-10 Impact:	\$150,000 to \$2,684,500
FY-11 Impact:	Tax Credit Decreases Revenue by \$15.8 million

Bill Summary

Research Analyst: Arnella Karges

The committee substitute of HB2026 creates the Health Care for Oklahomans Act to help uninsured Oklahomans who do not qualify for Medicaid. The act requires the Oklahoma Health Care Authority (OHCA) and the Insurance Department to create the Health Care for the Uninsured Board (HUB), that will certify health insurance programs to be recommended by the HUB; counsel, educate and aid consumers in choosing a certified health insurance plan and how to efficiently utilize care; and help qualifying individuals become enrolled in an Insure Oklahoma plan in conjunction with local, qualified agents. The act also requires OHCA to establish a program to initiate enrollment of uninsured patients in a health insurance plan at the point of health care service delivery, by referring the patient to the HUB for enrollment in a certified insurance plan or Oklahoma's employer-sponsored or individual insurance plans under Insure Oklahoma.

The act creates new law allowing options for standard health benefit plans, defines terms, and allows health insurers to offer alternative accident and health insurance policies to individuals less than 40 years of age. These plans are not required to provide coverage for health benefits mandated by state law. The act requires insurers to disclose information defining the plans on the written application. Health insurers are also required to offer at least one policy providing coverage for state-mandated health benefits and file standard health benefit plan rates with the Oklahoma Insurance Department.

The act amends provisions of the Oklahoma Medicaid Program Reform Act of 2003 by authorizing OHCA to create a high-deductible health insurance plan that is compatible with a health savings account in Insure Oklahoma. Another new provision allows employers a \$500 tax credit for providing Section 125 plans for employees. The tax credit will be in effect for tax year 2010.

Fiscal Summary

Fiscal Analyst: Mark Newman

The CS for HB 2026 contains new and amendatory language creating the "Health Care for Oklahomans Act." This legislation requires the Oklahoma Health Care Authority (OHCA) and the Oklahoma Insurance Department (OID) to establish the Health Care of the Uninsured Board (HUB). These entities are also required to establish a system of certification for insurance programs in this state, establish a counseling program for individuals who are without health insurance and not on Medicaid, and educate consumers on utilization of primary and

preventative care. The CS for HB 2026 also requires the OHCA to initiate a program with hospitals and health care providers to enroll patients in health insurance programs at the point of service.

Another provision of this legislation is new language allowing accident and health insurance carriers in Oklahoma to offer a standard health benefit plan to individuals under 40 years of age which does not include all state mandated health benefits, but does require specific and complete disclosure of what is and is not a covered benefit.

The CS for HB 2026 also contains amendatory language authorizing OHCA to create an option to purchase a high-deductible health insurance plan that is compatible with a health savings account within the premium assistance program, known as Insure Oklahoma.

Finally, the CS for HB 2026 has new language authorizing a \$500 annual tax credit for all employers participating in a Section 125 plan and the employer may claim the tax credit for no more than 4 taxable years beginning January 1, 2010.

Fiscal Analysis

Based on information obtained from the OHCA, OID, and the Oklahoma Tax Commission, the CS for HB 2026 will have a fiscal impact ranging from minimal to significant depending on the exact methods used for implementing the provisions of the bill. It is not specified in the legislation if the Health Care of the Uninsured Board (HUB) and its associated programs may be accomplished with the creation of a website or if a counseling program similar to the Senior Health Insurance Counseling Program (SHIP) in the OID will be more appropriate. The cost of creating the website could be as little as \$150,000; whereas a counseling program, similar to SHIP, will cost approximately \$4.13 per person multiplied by the 650,000 uninsured in Oklahoma for a total of \$2,684,500. If Medicaid administrative matching funds can be utilized for this counseling program, the cost in state dollars could be reduced to \$1,342,250.

The fiscal impact of authorizing the new standard health benefit program for persons under 40 years of age and allowing the high-deductible health insurance option in the Insure Oklahoma program will be minimal.

The Oklahoma Tax Commission estimates that 31,500 employers will participate in Section 125 plans in tax year 2010, based on census data. If these 31,500 employers receive the \$500 tax credit for FY-11 the fiscal impact will be a decrease in general revenue equal to \$15.8 million.

Long Term Fiscal Considerations

Staff is unable to estimate the long-term fiscal impact of this legislation until more details and specifics of the component programs are known.

Fiscal Analysis Reviewed by:

Mark Tygret

House Fiscal Director