

05/13/2011 11:24:22 AM

HOUSE OF REPRESENTATIVES  
CONFERENCE COMMITTEE REPORT

Mr. President:  
Mr. Speaker:

The Conference Committee, to which was referred

**HB2075**

By: Mulready of the House and Brown of the Senate

Title: Insurance; modifying Employer Health Insurance Purchasing Group Act; effective date.

Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That conferees are unable to agree.

Respectfully submitted,

House Action \_\_\_\_\_ Date \_\_\_\_\_ Senate Action \_\_\_\_\_ Date \_\_\_\_\_

**HOUSE CONFEREES**

Dank David M. Dank

Key \_\_\_\_\_

Kirby \_\_\_\_\_  
McDaniel (Randy) Randy McDaniel

McNiel \_\_\_\_\_

Morrisette \_\_\_\_\_  
Mulready John Mulready

Ortega Chris Ortega

Ownbey Pat Ownbey

Pittman \_\_\_\_\_

Shelton Mike Shelton

HB2075 CCR A

**SENATE CONFEREES**

Brown

Brecheen

Aldridge

Stanislawski

Bass

Sparks

Handwritten signatures of Senate conferees over horizontal lines. The signatures are: Brown (top), Brecheen, Aldridge, Stanislawski, Bass, and Sparks (bottom, with a long horizontal line extending to the right).

House Action \_\_\_\_\_ Date \_\_\_\_\_ Senate Action \_\_\_\_\_ Date \_\_\_\_\_

House Action \_\_\_\_\_ Date \_\_\_\_\_ Senate Action \_\_\_\_\_ Date \_\_\_\_\_

1 ENGROSSED SENATE AMENDMENT  
TO

2 ENGROSSED HOUSE  
3 BILL NO. 2075

By: Mulready of the House

and

Brown of the Senate

4  
5  
6  
7 [ insurance - amending various sections in Title 36 -  
8 Employer Health Insurance Purchasing Group Act -  
membership - effective date ]

9 AUTHOR: Add the following Senate Coauthor: Stanislowski

10 AMENDMENT NO. 1. Page 1, strike the stricken title, enacting clause  
11 and entire bill and insert

12 "An Act relating to insurance; amending Section 2,  
13 Chapter 276, O.S.L. 2002, as amended by Section 34,  
14 Chapter 176, O.S.L. 2009, and Sections 3, 4, 6, 7 and  
15 8, Chapter 276, O.S.L. 2002 (36 O.S. Supp. 2010,  
16 Sections 4522, 4523, 4524, 4526, 4527 and 4528),  
17 which relate to the Employer Health Insurance  
18 Purchasing Group Act; modifying definitions;  
19 modifying board of directors membership requirement;  
20 modifying composition of a Health Insurance  
21 Purchasing Group; modifying employer eligibility  
22 requirements; modifying contract periods; authorizing  
23 extension of certain contract period; specifying  
24 rules shall not apply to certain individual factors;  
specifying that certain annual filings shall be  
deemed approved unless expressly disapproved;  
specifying each Health Insurance Purchasing Group  
shall be considered a large group for certain  
purposes; modifying Health Insurance Purchasing Group  
benefit plan requirements; specifying marketing  
requirements for certain plan; removing requirement  
that Health Insurance Purchasing Groups comply with  
the Small Employer Health Insurance Reform Act;  
modifying administrative services requirements;  
prohibiting employees from being associated with  
certain organizations; modifying board of directors

1 membership affiliation prohibition; modifying  
2 definition; modifying offerings made by a Health  
3 Insurance Purchasing Group health carrier; allowing  
4 for adjustments based on certain factors; modifying  
5 rating characteristics requirements; specifying  
6 certain groups shall be subject to the Small Employer  
7 Health Insurance Reform Act; and providing an  
8 effective date.

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

10 SECTION 1. AMENDATORY Section 2, Chapter 276, O.S.L.  
11 2002, as amended by Section 34, Chapter 176, O.S.L. 2009 (36 O.S.  
12 Supp. 2010, Section 4522), is amended to read as follows:

13 Section 4522. As used in the Employer Health Insurance  
14 Purchasing Group Act:

15 1. "Bona fide association" means an association that:

16 a. has been actively in existence for at least five (5)

17 years,

18 b. has a constitution and by laws,

19 c. the primary business location and the majority of the

20 eligible employees are located in this state,

21 d. has been formed and maintained in good faith for

22 purposes other than obtaining health insurance, and

23 e. does not make health insurance offered through the

24 association other than in connection with a member of

the association;

2. "Commissioner" means the Oklahoma Insurance Commissioner;

1        3. "Eligible employee" means an employee or individual who  
2 works the number of hours per week designated by the employer as  
3 full-time employment and is qualified to enroll in a health benefit  
4 plan offered through a HIPG;

5        ~~3.~~ 4. "Eligible employer" means an employer ~~employing no more~~  
6 ~~than one hundred eligible~~ with at least two or more, but not to  
7 exceed three hundred fifty, employees;

8        ~~4.~~ 5. "Employer", "employee", and "dependent", unless otherwise  
9 defined in this section, shall have the meaning applied to the terms  
10 with respect to the coverage under the laws of the state relating to  
11 the coverage and the issuer;

12        ~~5.~~ 6. "Full time" shall be defined by the employer, but in no  
13 event shall it be less than twenty-four (24) hours per week;

14        ~~6.~~ 7. "Health benefits plan" means a group plan, group policy,  
15 or group contract for health care services, issued or delivered by a  
16 HIPG health carrier, excluding plans, policies, or contracts  
17 providing health care benefits or health care services pursuant to  
18 the Workers' Compensation Laws and mandatory liability laws;

19        ~~7.~~ 8. "Health insurer" means any entity which provides health  
20 insurance in this state. For the purposes of the Employer Health  
21 Insurance Purchasing Group Act, "health insurer" includes a licensed  
22 insurance company, not-for-profit hospital service or medical  
23 indemnity corporation, or a health maintenance organization. For  
24 the purposes of the Employer Health Insurance Purchasing Group Act,

1 a health insurer shall be required to have a financial strength  
2 rating equivalent to that represented by a B+ rating from the A.M.  
3 Best Company Inc.;

4 ~~8.~~ 9. "HIPG" means a Health Insurance Purchasing Group meeting  
5 the requirements of this act and composed of one or more bona fide  
6 associations;

7 ~~9.~~ 10. "HIPG health carrier" means a health insurer as defined  
8 in this act;

9 ~~10.~~ 11. "Large group" means a combination of two or more  
10 eligible employers belonging to a HIPG;

11 ~~11.~~ 12. "Limited benefit contract" means, for the purposes of  
12 this act, a policy or certificate that does not contain state-  
13 mandated health benefits;

14 ~~12.~~ 13. "Member" means an individual enrolled for health  
15 benefits coverage in a HIPG;

16 ~~13.~~ 14. "Purchaser" means an eligible employer that has  
17 contracted with a HIPG for the purchase of health benefits coverage;

18 ~~14.~~

19 15. a. "State-mandated health benefits" means coverages for  
20 health care services or benefits, required by state  
21 law or state regulations, requiring the reimbursement  
22 or utilization related to a specific illness, injury,  
23 or condition of the covered person, or inclusion of a  
24 specific category of licensed health care practitioner

1 to be provided to the covered person in a health  
2 benefits plan for a health-related condition of a  
3 covered person. Provided, that for the purposes of  
4 the options provided by this act, state-mandated  
5 health benefits which may be excluded in whole or in  
6 part shall not include any health care services or  
7 benefits which were mandated by federal law, and

8 b. "State-mandated health benefits" does not mean  
9 standard provisions or rights required to be present  
10 in a health benefit plan pursuant to state law or  
11 state regulations unrelated to a specific illness,  
12 injury or condition of the insured, including, but not  
13 limited to, those related to continuation of benefits  
14 found in Article 45 of the Oklahoma Insurance Code;  
15 and

16 ~~15.~~ 16. "Total eligible employees" means two hundred or more  
17 eligible employees.

18 SECTION 2. AMENDATORY Section 3, Chapter 276, O.S.L.  
19 2002 (36 O.S. Supp. 2010, Section 4523), is amended to read as  
20 follows:

21 Section 4523. A. Each Health Insurance Purchasing Group (HIPG)  
22 shall be a nonprofit corporation operated under the direction of a  
23 board of directors, which is composed of at least five (5)  
24 representatives of eligible employers.



1 B. Each HIPG shall be composed of at least two hundred eligible  
2 employees from ~~one~~ two or more eligible employers.

3 1. A HIPG shall have twelve (12) months from the time of  
4 formation to reach the level of two hundred eligible employees.

5 2. At the time of formation, the HIPG shall have at least  
6 fifty-one eligible employees.

7 C. Upon the failure of a HIPG to maintain the required size  
8 restrictions described in subsection B of this section, the HIPG  
9 shall notify the Commissioner in writing that the HIPG does not  
10 comply with the size requirements. The HIPG may then continue to  
11 operate the health benefit plan for its members but shall within  
12 sixty (60) calendar days comply with the size requirements of this  
13 section, or within a time period as determined by the Commissioner.

14 D. Upon the failure of the HIPG to maintain size requirements  
15 as required under subsection C of this section, after sixty (60)  
16 calendar days, or after the time period determined by the  
17 Commissioner, the HIPG may then be terminated following notice and  
18 hearing before the Commissioner.

19 E. 1. Subject to the provisions of this act, a HIPG shall  
20 permit any eligible employer, which meets the membership  
21 requirements of the HIPG, to contract with the HIPG for the purchase  
22 of a health benefits plan for its eligible employees and dependents  
23 of those eligible employees.

24

1           2. The HIPG may not vary conditions of eligibility, ~~including~~  
2 ~~premium rates and membership fees,~~ for any employer meeting the  
3 membership requirements of the HIPG, nor may it vary conditions of  
4 eligibility for any employee to qualify for a HIPG health benefits  
5 plan offered to the eligible employer by the HIPG.

6           3. A HIPG may not require a contract under this subsection  
7 between a HIPG and a purchaser to be effective for a period of  
8 longer than ~~twelve (12) months~~ two (2) years.

9           4. This shall not be construed to prevent a contract from being  
10 extended for additional twelve-month periods or preventing the  
11 purchaser from voluntarily electing a contract period of longer than  
12 ~~twelve (12) months~~ two (2) years.

13           5. A contract shall provide that the purchaser agrees not to  
14 obtain or sponsor a health benefits plan, on behalf of any eligible  
15 employees and their dependents, other than through the HIPG. This  
16 shall not be construed to apply to an eligible individual who  
17 resides in an area for which no coverage is offered by a HIPG health  
18 carrier.

19           F. 1. Under rules established to carry out this act, with  
20 respect to an eligible employer that has a purchaser contract with a  
21 HIPG, individuals who are eligible employees of an eligible employer  
22 may enroll for a health benefits plan offered by a HIPG health  
23 carrier.

1           2. The health benefits plan may include coverage for dependents  
2 of the enrolling employees, if this coverage is offered.

3           3. The employees may enroll for health benefits provided  
4 through their employer's contract with a HIPG.

5           G. A HIPG shall not deny enrollment as a member to an  
6 individual who is an eligible employee, or dependent of an employee  
7 qualified to be enrolled based on health-status-related factors,  
8 except as may be permitted by law.

9           H. In the case of members enrolled in a health benefits plan  
10 offered by a HIPG health carrier, the HIPG shall provide for an  
11 annual open enrollment period of thirty (30) calendar days during  
12 which the members may change the coverage option in which the  
13 members are enrolled.

14           I. 1. Nothing in this section shall preclude a HIPG from  
15 establishing rules of employee eligibility for enrollment and  
16 reenrollment of members during the annual open enrollment period  
17 under subsection H of this section.

18           2. The rules shall be applied consistently to all purchasers  
19 and members within the HIPG and shall not be based in any manner on  
20 individual health-status-related factors and shall not conflict with  
21 sections of this act.

22           J. 1. Each HIPG shall annually file a report with the  
23 Commissioner to be reviewed for approval. The report shall include:  
24

- 1 a. a description of its plan of operation including each  
2 of the products it intends to sell,  
3 b. a description of its marketing methods and materials,  
4 and  
5 c. a description of its membership and disclosure  
6 requirements, or other information as required by the  
7 Commissioner through rules and regulations.

8 2. The annual filing required shall be deemed approved upon  
9 expiration of a sixty-day waiting period unless, prior to the end of  
10 the period, it has been ~~affirmatively approved or~~ expressly  
11 ~~disapproved~~ by the Commissioner. The Commissioner may extend the  
12 period to approve or disapprove the annual filing by not more than  
13 an additional thirty (30) days by giving notice of such extension  
14 before expiration of the initial sixty-day period. At the  
15 expiration of an extended period, the annual filing shall be deemed  
16 approved unless ~~otherwise approved or~~ expressly disapproved by the  
17 Commissioner. The Commissioner may at any time, after notice and  
18 for cause shown, withdraw approval of an annual report.

19 K. Each HIPG shall be considered a large group for purposes of  
20 application of the Oklahoma Insurance Code to the activities and  
21 health benefit plans of the HIPG, ~~unless stated otherwise in this~~  
22 ~~act.~~

1 SECTION 3. AMENDATORY Section 4, Chapter 276, O.S.L.  
2 2002 (36 O.S. Supp. 2010, Section 4524), is amended to read as  
3 follows:

4 Section 4524. A. Each Health Insurance Purchasing Group  
5 (HIPG), in conjunction with a HIPG health carrier, shall make  
6 available a health benefits plan in the manner described in this  
7 section to all eligible employers and eligible employees at rates,  
8 including employers' and employees' shares, on a policy- or product-  
9 specific basis which may vary only as permitted under law.

10 B. Subject to subsection C of this section, a HIPG shall not  
11 offer a health benefit plan which ~~unfairly discriminates against~~  
12 ~~eligible employees~~ denies enrollment as a member to an individual  
13 who is an eligible employee, or a dependent of an employee qualified  
14 to be enrolled based on health-status-related factors.

15 C. Nothing in this act shall be construed as requiring a HIPG  
16 health carrier to provide coverage outside the service area of the  
17 insurer or organization.

18 D. Each HIPG shall provide a health benefits plan only through  
19 contracts with HIPG health carriers and shall not assume insurance  
20 risk with respect to the coverage.

21 E. ~~Except as provided in this act, the~~ The HIPG ~~may develop or~~  
22 shall offer a its members one or more health benefits plans, one  
23 ~~plan for its members, in whole or in part, not subject to~~ of which  
24 shall contain state-mandated health benefits with a choice of

1 deductibles. The HIPG may also offer a health benefits plan that  
2 does not contain state-mandated health benefits in whole or in part.

3 ~~F. The HIPG shall offer at least two types of plans to its~~  
4 ~~members, including one plan providing a choice of deductibles with~~  
5 ~~state-mandated health benefits.~~

6 ~~G. The HIPG may also offer a health benefits plan not subject~~  
7 ~~to state-mandated health benefits which does not contain standard~~  
8 ~~provisions or rights required to be present in a health benefits~~  
9 ~~plan pursuant to law or regulations unrelated to a specific illness,~~  
10 ~~injury or condition of the insured, for the provisions as may be~~  
11 ~~determined by rules and regulations of the Commissioner.~~

12 ~~H. Every health benefits plan offered through a HIPG shall:~~

13 1. Be underwritten by a HIPG health carrier that:

14 a. is licensed or otherwise regulated under state  
15 law,

16 b. meets all applicable state standards relating to  
17 consumer protection, including, but not limited  
18 to, state solvency and market conduct, and

19 c. offers the coverage under an approved contract  
20 with the HIPG;

21 2. Be approved or otherwise permitted to be offered under law;

22 3. Provide full portability of creditable coverage for

23 individuals who remain members of the same HIPG notwithstanding that

24

1 they change the eligible employer through which they are members;  
2 and

3 4. Comply with the provisions of the Oklahoma Insurance Code in  
4 their sales and solicitation of insurance including, but not limited  
5 to, the Trade Practices Act, and to the degree that an agent is  
6 involved in the solicitation, sale or purchase of a health benefits  
7 plan offered to a HIPG, that agent must be duly licensed by the  
8 State Insurance Department and hold a valid license to transact the  
9 business of insurance; and

10 5. Be available to be marketed and sold by all licensed agents  
11 and brokers of a HIPG carrier, at the HIPG health carrier's standard  
12 commission and fee schedule effective for the calendar year.

13 ~~I. A HIPG shall be subject to the requirements of the Small~~  
14 ~~Employer Health Insurance Reform Act.~~

15 ~~F. G.~~ G. Nothing in this act shall be construed as precluding a  
16 HIPG health carrier from offering a health benefits plan through a  
17 HIPG by establishing premium discounts for members, or from  
18 modifying otherwise applicable copayments or deductibles in return  
19 for adherence to programs of health promotion and disease  
20 prevention, so long as the programs are agreed to in advance by the  
21 HIPG and comply with all other provisions of this act and do not  
22 discriminate among similarly situated members.

23

24

1 SECTION 4. AMENDATORY Section 6, Chapter 276, O.S.L.  
2 2002 (36 O.S. Supp. 2010, Section 4526), is amended to read as  
3 follows:

4 Section 4526. A. Each Health Insurance Purchasing Group (HIPG)  
5 may provide administrative services for its members. The services  
6 may include, but are not limited to, accounting, billing, enrollment  
7 information, and employee coverage status reports.

8 B. The HIPG may delegate or contract its billing and other  
9 administrative duties to a third-party administrator as defined  
10 under Article 14B of the Oklahoma Insurance Code.

11 ~~C. 1. Nothing in this section shall be construed as preventing~~  
12 ~~a HIPG from serving as an administrative service organization to any~~  
13 ~~entity.~~

14 ~~2. Each HIPG shall collect and disseminate or arrange for the~~  
15 ~~collection and dissemination of consumer-oriented information on the~~  
16 ~~scope, cost, and enrollee satisfaction of all coverage options~~  
17 ~~offered through the HIPG to its members.~~

18 ~~3. The information shall be defined by the HIPG and shall be in~~  
19 ~~a manner appropriate to the type of coverage offered.~~

20 ~~4. To the extent practicable, the information shall include~~  
21 ~~information on provider performance, locations, and hours of~~  
22 ~~operation of providers, outcomes, and similar matters.~~

23  
24



1       ~~5. Nothing in this section shall be construed as preventing the~~  
2 ~~dissemination of the information or other information by the HIPG or~~  
3 ~~by the health care insurer through electronic or other means.~~

4       ~~D. The contract between a HIPG and a HIPG health carrier shall~~  
5 ~~provide that the HIPG may collect premiums on behalf of the issuer~~  
6 ~~for coverage, less a predetermined administrative charge negotiated~~  
7 ~~by the HIPG and the issuer.~~

8       SECTION 5.       AMENDATORY       Section 7, Chapter 276, O.S.L.  
9 2002 (36 O.S. Supp. 2010, Section 4527), is amended to read as  
10 follows:

11       Section 4527. A. A member of a board of directors of a Health  
12 Insurance Purchasing Group (HIPG) shall not serve as an employee or  
13 paid consultant to the HIPG, but may receive reasonable  
14 reimbursement for travel expenses for purposes of attending meetings  
15 of the board or committees thereof.

16       ~~B. An individual is not eligible to serve in a paid or unpaid~~  
17 ~~capacity on the board of directors of a HIPG or as an employee of~~  
18 ~~the HIPG, if the individual is employed by, represents in any~~  
19 ~~capacity, owns, or controls any ownership interest in an~~  
20 ~~organization from whom the HIPG receives contributions, rents, or~~  
21 ~~other funds not connected with a contract for coverage through the~~  
22 HIPG A person cannot be an employee of a HIPG or a member of the  
23 board of directors of a HIPG if that person is associated with an  
24 organization that pays the HIPG contributions, rents or any other

1 funds, except for funds connected with a contract for coverage  
2 through the HIPG. For purposes of this subsection, a person is  
3 associated with an organization if that person is an employee of the  
4 organization, represents the organization in any capacity, or owns  
5 or controls any ownership interest in an organization.

6 C. ~~An individual~~ A person who is serving on a board of  
7 directors of a HIPG ~~as a representative described in subsection B of~~  
8 ~~this section~~ shall not be employed by or affiliated with a HIPG  
9 health carrier. For purposes of this subsection, the term  
10 "affiliated" does not include ~~membership~~ a person who is a member in  
11 a health benefits plan or ~~the obtaining of~~ a person who obtains  
12 health benefits coverage offered by a HIPG health carrier.

13 SECTION 6. AMENDATORY Section 8, Chapter 276, O.S.L.  
14 2002 (36 O.S. Supp. 2010, Section 4528), is amended to read as  
15 follows:

16 Section 4528. A. Nothing in this act shall be construed as  
17 preventing one or more Health Insurance Purchasing Groups (HIPG)  
18 from serving different areas, whether or not contiguous, by  
19 providing for some or all of the following through a single  
20 administrative organization or otherwise:

21 1. Coordinating the offering of the same or similar health  
22 benefits coverage in different areas served by the different HIPG;  
23 or

24

1           2. Providing for crediting of deductibles and other cost-  
2 sharing for individuals who are provided a health benefits plan  
3 through the HIPG or affiliated HIPG after:

4           a. a change of eligible employers through which the  
5 coverage is provided, or

6           b. a change in place of employment to an area not served  
7 by the previous HIPG.

8           B. No HIPG health carrier ~~shall be required to~~ may offer HIPG  
9 health benefits plans, ~~or health benefits plans not subject to~~  
10 ~~state-mandated health benefits,~~ limited benefit contracts to non-  
11 HIPG organizations, associations, ~~or~~ employer groups, ~~including but~~  
12 ~~not limited to~~ or the small employer health insurance group  
13 marketplace in this state.

14           C. Nothing in this act shall be construed as precluding a HIPG  
15 from providing for adjustments in amounts ~~distributed among the HIPG~~  
16 ~~health carriers offering a health benefits plan through the HIPG,~~  
17 based on factors such as the relative health care risk of ~~members~~  
18 ~~enrolled under the coverage offered by the different issuers~~  
19 purchasers.

20           D. Nothing in this act shall be construed as precluding a HIPG  
21 from establishing minimum participation and contribution rules for  
22 eligible employers that apply to become purchasers in the HIPG, so  
23 long as the rules are applied uniformly for all HIPG health  
24 carriers.

1 E. The HIPG may determine what rating characteristics it will  
2 allow in the health benefit plan including, but not limited to, age,  
3 sex, industry, geography, or relative health care risk of  
4 purchasers.

5 F. If ~~health is~~ individual health-status-related factors are  
6 used as a rating characteristic, then the rates for the groups  
7 having two through fifty members will be subject to the small  
8 employer group rating law as required in the Small Employer Health  
9 Insurance Reform Act but may be considered separate from any small  
10 groups sold outside the HIPG.

11 SECTION 7. This act shall become effective November 1, 2011."

12 Passed the Senate the 19th day of April, 2011.

13  
14 \_\_\_\_\_  
15 Presiding Officer of the Senate

16 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
17 2011.

18  
19 \_\_\_\_\_  
20 Presiding Officer of the House  
21 of Representatives

22  
23  
24

1 louENGROSSED HOUSE  
2 BILL NO. 2075

By: Mulready of the House

3 and

4 Brown of the Senate

5  
6  
7  
8 ( insurance - amending various sections in Title 36 -  
9 Employer Health Insurance Purchasing Group Act -  
10 membership -  
11 effective date )

12  
13  
14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 8. AMENDATORY Section 2, Chapter 276, O.S.L.  
16 2002, as amended by Section 34, Chapter 176, O.S.L. 2009 (36 O.S.  
17 Supp. 2010, Section 4522), is amended to read as follows:

18 Section 4522. As used in the Employer Health Insurance  
19 Purchasing Group Act:

20 1. "Commissioner" means the Oklahoma Insurance Commissioner;

21 2. "Eligible employee" means an employee or individual who  
22 works the number of hours per week designated by the employer as  
23 full-time employment and is qualified to enroll in a health benefit  
24 plan offered through a HIPG;

1 3. "Eligible employer" means an employer employing no more than  
2 ~~one hundred~~ seventy-five eligible employees;

3 4. "Employer", "employee", and "dependent", unless otherwise  
4 defined in this section, shall have the meaning applied to the terms  
5 with respect to the coverage under the laws of the state relating to  
6 the coverage and the issuer;

7 5. "Full time" shall be defined by the employer, but in no  
8 event shall it be less than twenty-four (24) hours per week;

9 6. "Health benefits plan" means a group plan, group policy, or  
10 group contract for health care services, issued or delivered by a  
11 HIPG health carrier, excluding plans, policies, or contracts  
12 providing health care benefits or health care services pursuant to  
13 the Workers' Compensation Laws and mandatory liability laws;

14 7. "Health insurer" means any entity which provides health  
15 insurance in this state. For the purposes of the Employer Health  
16 Insurance Purchasing Group Act, "health insurer" includes a licensed  
17 insurance company, not-for-profit hospital service or medical  
18 indemnity corporation, or a health maintenance organization;

19 8. "HIPG" means a Health Insurance Purchasing Group meeting the  
20 requirements of this act;

21 9. "HIPG health carrier" means a health insurer as defined in  
22 this act;

23 10. "Large group" means a combination of two or more eligible  
24 employers belonging to a HIPG;

1        11. "Limited benefit contract" means, for the purposes of this  
2 act, a policy or certificate that does not contain state-mandated  
3 health benefits;

4        12. "Member" means an individual enrolled for health benefits  
5 coverage in a HIPG;

6        13. "Purchaser" means an eligible employer that has contracted  
7 with a HIPG for the purchase of health benefits coverage;

8        14. a. "State-mandated health benefits" means coverages for  
9 health care services or benefits, required by state  
10 law or state regulations, requiring the reimbursement  
11 or utilization related to a specific illness, injury,  
12 or condition of the covered person, or inclusion of a  
13 specific category of licensed health care practitioner  
14 to be provided to the covered person in a health  
15 benefits plan for a health-related condition of a  
16 covered person. Provided, that for the purposes of  
17 the options provided by this act, state-mandated  
18 health benefits which may be excluded in whole or in  
19 part shall not include any health care services or  
20 benefits which were mandated by federal law, and

21        b. "State-mandated health benefits" does not mean  
22 standard provisions or rights required to be present  
23 in a health benefit plan pursuant to state law or  
24 state regulations unrelated to a specific illness,

1 injury or condition of the insured, including, but not  
2 limited to, those related to continuation of benefits  
3 found in Article 45 of the Oklahoma Insurance Code;  
4 and

5 15. "Total eligible employees" means two hundred or more  
6 eligible employees.

7 SECTION 9. AMENDATORY Section 3, Chapter 276, O.S.L.  
8 2002 (36 O.S. Supp. 2010, Section 4523), is amended to read as  
9 follows:

10 Section 4523. A. Each Health Insurance Purchasing Group (HIPG)  
11 shall be a nonprofit corporation operated under the direction of a  
12 board of directors, which is composed of at least five (5)  
13 representatives of eligible employers.

14 B. Each HIPG shall be composed of at least two hundred eligible  
15 employees from one or more eligible employers.

16 1. A HIPG shall have twelve (12) months from the time of  
17 formation to reach the level of two hundred eligible employees.

18 2. At the time of formation, the HIPG shall have at least  
19 fifty-one eligible employees.

20 C. Upon the failure of a HIPG to maintain the required size  
21 restrictions described in subsection B of this section, the HIPG  
22 shall notify the Commissioner in writing that the HIPG does not  
23 comply with the size requirements. The HIPG may then continue to  
24 operate the health benefit plan for its members but shall within



1 sixty (60) calendar days comply with the size requirements of this  
2 section, or within a time period as determined by the Commissioner.

3 D. Upon the failure of the HIPG to maintain size requirements  
4 as required under subsection C of this section, after sixty (60)  
5 calendar days, or after the time period determined by the  
6 Commissioner, the HIPG may then be terminated following notice and  
7 hearing before the Commissioner.

8 E. 1. Subject to the provisions of this act, a HIPG shall  
9 permit any eligible employer, which meets the membership  
10 requirements of the HIPG, to contract with the HIPG for the purchase  
11 of a health benefits plan for its eligible employees and dependents  
12 of those eligible employees.

13 2. The HIPG may not vary conditions of eligibility, ~~including~~  
14 ~~premium rates and membership fees,~~ for any employer meeting the  
15 membership requirements of the HIPG, nor may it vary conditions of  
16 eligibility for any employee to qualify for a HIPG health benefits  
17 plan offered to the eligible employer by the HIPG.

18 3. A HIPG may not require a contract under this subsection  
19 between a HIPG and a purchaser to be effective for a period of  
20 longer than ~~twelve (12) months~~ five (5) years.

21 4. This shall not be construed to prevent a contract from being  
22 extended for additional twelve-month periods or preventing the  
23 purchaser from voluntarily electing a contract period of longer than  
24 twelve (12) months.

1           5. A contract shall provide that the purchaser agrees not to  
2 obtain or sponsor a health benefits plan, on behalf of any eligible  
3 employees and their dependents, other than through the HIPG. This  
4 shall not be construed to apply to an eligible individual who  
5 resides in an area for which no coverage is offered by a HIPG health  
6 carrier.

7           F. 1. Under rules established to carry out this act, with  
8 respect to an eligible employer that has a purchaser contract with a  
9 HIPG, individuals who are eligible employees of an eligible employer  
10 may enroll for a health benefits plan offered by a HIPG health  
11 carrier.

12           2. The health benefits plan may include coverage for dependents  
13 of the enrolling employees, if this coverage is offered.

14           3. The employees may enroll for health benefits provided  
15 through their employer's contract with a HIPG.

16           G. A HIPG shall not deny enrollment as a member to an  
17 individual who is an eligible employee, or dependent of an employee  
18 qualified to be enrolled based on health-status-related factors,  
19 except as may be permitted by law.

20           H. In the case of members enrolled in a health benefits plan  
21 offered by a HIPG health carrier, the HIPG shall provide for an  
22 annual open enrollment period of thirty (30) calendar days during  
23 which the members may change the coverage option in which the  
24 members are enrolled.

1 I. 1. Nothing in this section shall preclude a HIPG from  
2 establishing rules of employee eligibility for enrollment and  
3 reenrollment of members during the annual open enrollment period  
4 under subsection H of this section.

5 2. The rules shall be applied consistently to all purchasers  
6 and members within the HIPG and shall not be based in any manner on  
7 individual health-status-related factors and shall not conflict with  
8 sections of this act.

9 J. 1. Each HIPG shall annually file a report with the  
10 Commissioner to be reviewed for approval. The report shall include:

11 a. a description of its plan of operation including each  
12 of the products it intends to sell,

13 b. a description of its marketing methods and materials,  
14 and

15 c. a description of its membership and disclosure  
16 requirements, or other information as required by the  
17 Commissioner through rules and regulations.

18 2. The annual filing required shall be deemed approved upon  
19 expiration of a sixty-day waiting period unless, prior to the end of  
20 the period, it has been ~~affirmatively approved or~~ expressly  
21 disapproved by the Commissioner. The Commissioner may extend the  
22 period to approve or disapprove the annual filing by not more than  
23 an additional thirty (30) days by giving notice of such extension  
24 before expiration of the initial sixty-day period. At the

1 expiration of an extended period, the annual filing shall be deemed  
2 approved unless ~~otherwise approved or~~ expressly disapproved by the  
3 Commissioner. The Commissioner may at any time, after notice and  
4 for cause shown, withdraw approval of an annual report.

5 K. Each HIPG shall be considered a large group for purposes of  
6 application of the Oklahoma Insurance Code to the activities and  
7 health benefit plans of the HIPG, ~~unless stated otherwise in this~~  
8 ~~act.~~

9 SECTION 10. AMENDATORY Section 4, Chapter 276, O.S.L.  
10 2002 (36 O.S. Supp. 2010, Section 4524), is amended to read as  
11 follows:

12 Section 4524. A. Each Health Insurance Purchasing Group  
13 (HIPG), in conjunction with a HIPG health carrier, shall make  
14 available a health benefits plan in the manner described in this  
15 section to all eligible employers and eligible employees at rates,  
16 including employers' and employees' shares, on a policy- or product-  
17 specific basis which may vary only as permitted under law.

18 B. Subject to subsection C of this section, a HIPG shall not  
19 offer a health benefit plan which ~~unfairly discriminates against~~  
20 ~~eligible employees~~ denies enrollment as a member to an individual  
21 who is an eligible employee, or a dependent of an employee qualified  
22 to be enrolled based on health-status-related factors.

1 C. Nothing in this act shall be construed as requiring a HIPG  
2 health carrier to provide coverage outside the service area of the  
3 insurer or organization.

4 D. Each HIPG shall provide a health benefits plan only through  
5 contracts with HIPG health carriers and shall not assume insurance  
6 risk with respect to the coverage.

7 ~~E. Except as provided in this act, the~~ The HIPG ~~may develop or~~  
8 ~~shall offer a~~ its members one or more health benefits plans, one  
9 ~~plan for its members, in whole or in part, not subject to~~ of which  
10 shall contain state-mandated health benefits with a choice of  
11 deductibles. The HIPG may also offer a health benefit plan that  
12 does not contain state-mandated health benefits in whole or in part.

13 ~~F. The HIPG shall offer at least two types of plans to its~~  
14 ~~members, including one plan providing a choice of deductibles with~~  
15 ~~state-mandated health benefits.~~

16 ~~G. The HIPG may also offer a health benefits plan not subject~~  
17 ~~to state-mandated health benefits which does not contain standard~~  
18 ~~provisions or rights required to be present in a health benefits~~  
19 ~~plan pursuant to law or regulations unrelated to a specific illness,~~  
20 ~~injury or condition of the insured, for the provisions as may be~~  
21 ~~determined by rules and regulations of the Commissioner.~~

22 ~~H.~~ Every health benefits plan offered through a HIPG shall:

23 1. Be underwritten by a HIPG health carrier that:

24

- a. is licensed or otherwise regulated under state law,
- b. meets all applicable state standards relating to consumer protection, including, but not limited to, state solvency and market conduct, and
- c. offers the coverage under an approved contract with the HIPG;

2. Be approved or otherwise permitted to be offered under law;

3. Provide full portability of creditable coverage for individuals who remain members of the same HIPG notwithstanding that they change the eligible employer through which they are members; and

4. Comply with the provisions of the Oklahoma Insurance Code in their sales and solicitation of insurance including, but not limited to, the Trade Practices Act, and to the degree that an agent is involved in the solicitation, sale or purchase of a health benefits plan offered to a HIPG, that agent must be duly licensed by the State Insurance Department and hold a valid license to transact the business of insurance.

~~I. A HIPG shall be subject to the requirements of the Small Employer Health Insurance Reform Act.~~

J. G. Nothing in this act shall be construed as precluding a HIPG health carrier from offering a health benefits plan through a HIPG by establishing premium discounts for members, or from

1 modifying otherwise applicable copayments or deductibles in return  
2 for adherence to programs of health promotion and disease  
3 prevention, so long as the programs are agreed to in advance by the  
4 HIPG and comply with all other provisions of this act and do not  
5 discriminate among similarly situated members.

6 SECTION 11. AMENDATORY Section 6, Chapter 276, O.S.L.  
7 2002 (36 O.S. Supp. 2010, Section 4526), is amended to read as  
8 follows:

9 Section 4526. A. Each Health Insurance Purchasing Group (HIPG)  
10 may provide administrative services for its members. The services  
11 may include, but are not limited to, accounting, billing, enrollment  
12 information, and employee coverage status reports.

13 B. The HIPG may delegate or contract its billing and other  
14 administrative duties to a third-party administrator as defined  
15 under Article 14B of the Oklahoma Insurance Code.

16 ~~C. 1. Nothing in this section shall be construed as preventing~~  
17 ~~a HIPG from serving as an administrative service organization to any~~  
18 ~~entity.~~

19 ~~2. Each HIPG shall collect and disseminate or arrange for the~~  
20 ~~collection and dissemination of consumer-oriented information on the~~  
21 ~~scope, cost, and enrollee satisfaction of all coverage options~~  
22 ~~offered through the HIPG to its members.~~

23 ~~3. The information shall be defined by the HIPG and shall be in~~  
24 ~~a manner appropriate to the type of coverage offered.~~

1       ~~4. To the extent practicable, the information shall include~~  
2 ~~information on provider performance, locations, and hours of~~  
3 ~~operation of providers, outcomes, and similar matters.~~

4       ~~5. Nothing in this section shall be construed as preventing the~~  
5 ~~dissemination of the information or other information by the HIPG or~~  
6 ~~by the health care insurer through electronic or other means.~~

7       ~~D. The contract between a HIPG and a HIPG health carrier shall~~  
8 ~~provide that the HIPG may collect premiums on behalf of the issuer~~  
9 ~~for coverage, less a predetermined administrative charge negotiated~~  
10 ~~by the HIPG and the issuer.~~

11       SECTION 12.       AMENDATORY       Section 7, Chapter 276, O.S.L.  
12 2002 (36 O.S. Supp. 2010, Section 4527), is amended to read as  
13 follows:

14       Section 4527. A. A member of a board of directors of a Health  
15 Insurance Purchasing Group (HIPG) shall not serve as an employee or  
16 paid consultant to the HIPG, but may receive reasonable  
17 reimbursement for travel expenses for purposes of attending meetings  
18 of the board or committees thereof.

19       ~~B. An individual is not eligible to serve in a paid or unpaid~~  
20 ~~capacity on the board of directors of a HIPG or as an employee of~~  
21 ~~the HIPG, if the individual is employed by, represents in any~~  
22 ~~capacity, owns, or controls any ownership interest in an~~  
23 ~~organization from whom the HIPG receives contributions, rents, or~~  
24 ~~other funds not connected with a contract for coverage through the~~



1 HIPG A person cannot be an employee of a HIPG or a member of the  
2 board of directors of a HIPG if that person is associated with an  
3 organization that pays the HIPG contributions, rents or any other  
4 funds, except for funds connected with a contract for coverage  
5 through the HIPG. For purposes of this subsection, a person is  
6 associated with an organization if that person is an employee of the  
7 organization, represents the organization in any capacity, or owns  
8 or controls any ownership interest in an organization.

9 C. ~~An individual~~ A person who is serving on a board of  
10 directors of a HIPG ~~as a representative described in subsection B of~~  
11 ~~this section~~ shall not be employed by or affiliated with a HIPG  
12 health carrier. For purposes of this subsection, the term  
13 "affiliated" does not include ~~membership~~ a person who is a member in  
14 a health benefits plan or ~~the obtaining of~~ a person who obtains  
15 health benefits coverage offered by a HIPG health carrier.

16 SECTION 13. AMENDATORY Section 8, Chapter 276, O.S.L.  
17 2002 (36 O.S. Supp. 2010, Section 4528), is amended to read as  
18 follows:

19 Section 4528. A. Nothing in this act shall be construed as  
20 preventing one or more Health Insurance Purchasing Groups (HIPG)  
21 from serving different areas, whether or not contiguous, by  
22 providing for some or all of the following through a single  
23 administrative organization or otherwise:

24

1 1. Coordinating the offering of the same or similar health  
2 benefits coverage in different areas served by the different HIPG;  
3 or

4 2. Providing for crediting of deductibles and other cost-  
5 sharing for individuals who are provided a health benefits plan  
6 through the HIPG or affiliated HIPG after:

7 a. a change of eligible employers through which the  
8 coverage is provided, or

9 b. a change in place of employment to an area not served  
10 by the previous HIPG.

11 B. No HIPG health carrier shall be required to offer HIPG  
12 health benefits plans, or health benefits plans not subject to  
13 state-mandated health benefits, to non-HIPG organizations,  
14 associations, or employer groups, including but not limited to the  
15 small employer health insurance group marketplace in this state.

16 C. Nothing in this act shall be construed as precluding a HIPG  
17 from providing for adjustments in amounts ~~distributed among the HIPG~~  
18 ~~health carriers offering a health benefits plan through the HIPG,~~  
19 based on factors such as the relative health care risk of ~~members~~  
20 ~~enrolled under the coverage offered by the different issuers~~  
21 purchasers.

22 D. Nothing in this act shall be construed as precluding a HIPG  
23 from establishing minimum participation and contribution rules for  
24 eligible employers that apply to become purchasers in the HIPG, so

1 long as the rules are applied uniformly for all HIPG health  
2 carriers.

3 E. The HIPG may determine what rating characteristics it will  
4 allow in the health benefit plan including, but not limited to, age,  
5 sex, industry, geography, or relative health care risk of  
6 purchasers.

7 F. If ~~health is~~ individual health-status-related factors are  
8 used as a rating characteristic, then the rates for the groups  
9 having two through fifty members will be subject to the small  
10 employer group rating law as required in the Small Employer Health  
11 Insurance Reform Act but may be considered separate from any small  
12 groups sold outside the HIPG.

13 SECTION 14. This act shall become effective November 1, 2011.

14 Passed the House of Representatives the 17th day of March, 2011.

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\_\_\_\_\_  
Presiding Officer of the House of  
Representatives

18

19 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2011.

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\_\_\_\_\_  
Presiding Officer of the Senate

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