

1 | louENGROSSED HOUSE
BILL NO. 2075

By: Mulready of the House

and

Brown of the Senate

(insurance - amending various sections in Title 36 -
Employer Health Insurance Purchasing Group Act -
membership -
effective date)

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

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

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

1. "Commissioner" means the Oklahoma Insurance Commissioner;

2. "Eligible employee" means an employee or individual who
works the number of hours per week designated by the employer as
full-time employment and is qualified to enroll in a health benefit
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 2. 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 3. 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.
23
24

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:

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

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

9 3. Provide full portability of creditable coverage for

10 individuals who remain members of the same HIPG notwithstanding that
11 they change the eligible employer through which they are members;
12 and

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

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

22 J. G. Nothing in this act shall be construed as precluding a
23 HIPG health carrier from offering a health benefits plan through a
24 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 4. 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 5. 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 6. 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:

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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 7. 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

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19 Passed the Senate the ____ day of _____, 2011.

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Presiding Officer of the Senate

23

24