

STATE OF OKLAHOMA

1st Session of the 53rd Legislature (2011)

HOUSE BILL 2081

By: Key

AS INTRODUCED

An Act relating to insurance; amending Section 2, Chapter 276, O.S.L. 2002, as amended by Section 34, Chapter 176, O.S.L. 2009, and Sections 3, 4, 6, 7 and 8, Chapter 276, O.S.L. 2002 (36 O.S. Supp. 2010, Sections 4522, 4523, 4524, 4526, 4527 and 4528), which relate to the Employer Health Insurance Purchasing Group Act; modifying definition; modifying board of directors membership requirement; modifying employer eligibility requirements; authorizing extension of certain contract period; specifying 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; 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 membership affiliation prohibition; modifying definition; prohibiting Health Insurance Purchasing Group carriers from offering certain plans or contracts to specified entities; allowing for adjustments based on certain factors; modifying rating characteristics requirements; specifying certain groups shall be subject to the Small Employer Health Insurance Reform Act; and providing an effective date.

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

2 SECTION 1. AMENDATORY Section 2, Chapter 276, O.S.L.
3 2002, as amended by Section 34, Chapter 176, O.S.L. 2009 (36 O.S.
4 Supp. 2010, Section 4522), is amended to read as follows:

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

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

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

12 3. "Eligible employer" means an employer ~~employing no more than~~
13 ~~one hundred eligible~~ with two or more employees;

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

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

20 6. "Health benefits plan" means a group plan, group policy, or
21 group contract for health care services, issued or delivered by a
22 HIPG health carrier, excluding plans, policies, or contracts
23 providing health care benefits or health care services pursuant to
24 the Workers' Compensation Laws and mandatory liability laws;

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

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

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

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

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

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

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

19 14. 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. "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.

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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~~ five (5) 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.

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:
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- 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 benefit 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~~

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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.

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

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

20 SECTION 4. AMENDATORY Section 6, Chapter 276, O.S.L.
21 2002 (36 O.S. Supp. 2010, Section 4526), is amended to read as
22 follows:

23 Section 4526. A. Each Health Insurance Purchasing Group (HIPG)
24 may provide administrative services for its members. The services

1 may include, but are not limited to, accounting, billing, enrollment
2 information, and employee coverage status reports.

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

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

9 ~~2. Each HIPG shall collect and disseminate or arrange for the
10 collection and dissemination of consumer oriented information on the
11 scope, cost, and enrollee satisfaction of all coverage options
12 offered through the HIPG to its members.~~

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

15 ~~4. To the extent practicable, the information shall include
16 information on provider performance, locations, and hours of
17 operation of providers, outcomes, and similar matters.~~

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

21 ~~D. The contract between a HIPG and a HIPG health carrier shall
22 provide that the HIPG may collect premiums on behalf of the issuer
23 for coverage, less a predetermined administrative charge negotiated
24 by the HIPG and the issuer.~~

1 SECTION 5. AMENDATORY Section 7, Chapter 276, O.S.L.
2 2002 (36 O.S. Supp. 2010, Section 4527), is amended to read as
3 follows:

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

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

23 C. ~~An individual~~ A person who is serving on a board of
24 directors of a HIPG ~~as a representative described in subsection B of~~

1 ~~this section~~ shall not be employed by or affiliated with a HIPG
2 health carrier. For purposes of this subsection, the term
3 "affiliated" does not include ~~membership~~ a person who is a member in
4 a health benefits plan or the obtaining of a person who obtains
5 health benefits coverage offered by a HIPG health carrier.

6 SECTION 6. AMENDATORY Section 8, Chapter 276, O.S.L.
7 2002 (36 O.S. Supp. 2010, Section 4528), is amended to read as
8 follows:

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

14 1. Coordinating the offering of the same or similar health
15 benefits coverage in different areas served by the different HIPG;
16 or

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

20 a. a change of eligible employers through which the
21 coverage is provided, or

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

24

1 B. No HIPG health carrier shall ~~be required to~~ offer HIPG
2 health benefits plans, or ~~health benefits plans not subject to~~
3 ~~state mandated health benefits~~ limited benefit contracts, to non-
4 HIPG organizations, associations, ~~or~~ employer groups, ~~including but~~
5 ~~not limited to~~ or the small employer health insurance group
6 marketplace in this state.

7 C. Nothing in this act shall be construed as precluding a HIPG
8 from providing for adjustments in amounts ~~distributed among the HIPG~~
9 ~~health carriers offering a health benefits plan through the HIPG,~~
10 based on factors such as the relative health care risk of ~~members~~
11 ~~enrolled under the coverage offered by the different issuers~~
12 purchasers.

13 D. Nothing in this act shall be construed as precluding a HIPG
14 from establishing minimum participation and contribution rules for
15 eligible employers that apply to become purchasers in the HIPG, so
16 long as the rules are applied uniformly for all HIPG health
17 carriers.

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

22 F. If ~~health is~~ individual health-status-related factors are
23 used as a rating characteristic, then the rates for the groups
24 having two through fifty members will be subject to the small

1 employer group rating law as required in the Small Employer Health
2 Insurance Reform Act but may be considered separate from any small
3 groups sold outside the HIPG.

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

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