

1 STATE OF OKLAHOMA

2 2nd Session of the 54th Legislature (2014)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL 3280

By: Mulready of the House

and

6 Stanislawski of the Senate

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9 COMMITTEE SUBSTITUTE

10 An Act relating to insurance; authorizing the
11 creation of nonprofit health maintenance organization
12 corporations; authorizing certain organizations to
13 convert to certain corporations; granting certain
14 powers and authority to nonprofit health maintenance
15 organization corporations; providing for application
16 for certificate of authority process; providing
17 requirements for certification; providing for
18 applicability of certain act; limiting liability;
19 providing for applicability; declaring certain
20 corporations to be nonprofit, charitable and
21 benevolent institutions; providing for codification;
22 providing an effective date; and declaring an
23 emergency.

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 6952 of Title 36, unless there
is created a duplication in numbering, reads as follows:

A. Nonprofit charitable and benevolent health maintenance
organization corporations may hereafter be organized under the laws

1 of the State of Oklahoma for the purpose of establishing,
2 maintaining and operating a nonprofit health maintenance
3 organization by complying with the provisions of this act.

4 B. Existing Oklahoma-licensed domestic health maintenance
5 organizations may amend their corporate organizational documents to
6 become nonprofit health maintenance organization corporations
7 pursuant to the provisions of this act, which shall entitle them to
8 all rights, obligations and provisions of this act. Existing
9 Oklahoma-licensed domestic health maintenance organizations that
10 amend their corporate organizational documents to become nonprofit
11 health maintenance organization corporations shall continue to exist
12 without interruption in business, licenses, certifications or other
13 continuity.

14 C. The Oklahoma Insurance Commissioner may first approve the
15 amended Certificate of Incorporation and the amended Business Plan
16 of an existing Oklahoma-licensed domestic health maintenance
17 organization subject to Section 3 of this act.

18 SECTION 2. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 6953 of Title 36, unless there
20 is created a duplication in numbering, reads as follows:

21 A nonprofit health maintenance organization corporation may
22 issue contracts to its subscribers only when the Insurance
23 Commissioner has, by certificate of authority, authorized it to do
24 so. Application for such certificate of authority shall be made on

1 forms supplied or approved by the Commissioner, containing such
2 information as the Commissioner shall deem necessary. Each
3 application for a certificate of authority shall be accompanied by
4 copies of the documents required by Section 6903 of Title 36 of the
5 Oklahoma Statutes.

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 6954 of Title 36, unless there
8 is created a duplication in numbering, reads as follows:

9 The Insurance Commissioner may certify nonprofit health
10 maintenance organization corporations by issuing a certificate of
11 authority, authorizing the applicant to issue contracts to its
12 subscribers, when it is shown to the satisfaction of the
13 Commissioner that:

14 1. The applicant is established as a bona fide nonprofit health
15 maintenance organization corporation;

16 2. The contracts between the applicant and the participating
17 physicians or other providers of health services obligate each
18 provider executing the same to render service to which each
19 subscriber may be entitled under the terms of the contract to be
20 issued to the subscribers;

21 3. The amount of required working capital of the corporation is
22 paid into the corporation and, if subject to repayment, can be
23 repaid only out of operating income, without endangering the
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1 solvency or financial strength of the nonprofit health maintenance
2 organization corporation; and

3 4. The nonprofit corporation has met, or will be able to meet,
4 the requirements set forth in the Health Maintenance Organization
5 Act of 2003 and the risk-based capital for the Health Maintenance
6 Organization Act of 2003.

7 SECTION 4. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 6955 of Title 36, unless there
9 is created a duplication in numbering, reads as follows:

10 Any existing Oklahoma licensed domestic health maintenance
11 organization that amends its Certificate of Incorporation and is
12 approved as a nonprofit health maintenance organization corporation
13 by the Insurance Commissioner may utilize its existing contracts,
14 forms and rates already on file with the Commissioner.

15 SECTION 5. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 6956 of Title 36, unless there
17 is created a duplication in numbering, reads as follows:

18 A nonprofit health maintenance organization corporation may be
19 privately or publicly owned. All of the requirements of the Health
20 Maintenance Organization Act of 2003, the risk-based capital for the
21 Health Maintenance Organization Act of 2003 and any rules
22 promulgated thereunder shall be applicable to nonprofit health
23 maintenance organization corporations, except that such corporations
24 shall use their income and profit to further facilitate the

1 providing of health care services to the public after paying
2 expenses of operation and ownership.

3 SECTION 6. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 6957 of Title 36, unless there
5 is created a duplication in numbering, reads as follows:

6 The provisions of this act shall govern and apply only to
7 nonprofit health maintenance organization corporations. Such
8 corporations shall comply with all other laws applicable to health
9 maintenance organizations under Title 36 of the Oklahoma Statutes
10 and any rules promulgated thereunder.

11 SECTION 7. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 6958 of Title 36, unless there
13 is created a duplication in numbering, reads as follows:

14 Every nonprofit health maintenance organization corporation
15 doing business pursuant to this act is hereby declared to be a
16 nonprofit charitable and benevolent institution.

17 SECTION 8. This act shall become effective July 1, 2014.

18 SECTION 9. It being immediately necessary for the preservation
19 of the public peace, health and safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

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