

1 **SENATE FLOOR VERSION**

2 March 27, 2014

3 COMMITTEE SUBSTITUTE  
4 FOR ENGROSSED  
5 HOUSE BILL NO. 3280

By: Mulready of the House

and

Stanislawski of the Senate

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

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

24 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  
of the State of Oklahoma for the purpose of establishing,

1 maintaining and operating a nonprofit health maintenance  
2 organization by complying with the provisions of this act.

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

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

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

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

1 information as the Commissioner shall deem necessary. Each  
2 application for a certificate of authority shall be accompanied by  
3 copies of the documents required by Section 6903 of Title 36 of the  
4 Oklahoma Statutes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE  
21 March 27, 2014 - DO PASS AS AMENDED  
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