

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 56th Legislature (2018)

4 ENGROSSED SENATE
5 BILL NO. 1162

By: David of the Senate

and

Mulready of the House

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9 An Act relating to health insurance; amending
10 Sections 5 and 6, Chapter 383, O.S.L. 2017 (36 O.S.
11 Supp. 2017, Sections 6530.5 and 6530.6), which relate
12 to the Board of Directors and powers of the Board of
13 Directors; modifying duties of Board; authorizing
14 Board to apply for certain funds for a certain
15 purpose; authorizing Board to accept certain funding;
16 prohibiting Board from using certain funding;
17 modifying powers of Board; repealing Sections 7 and
18 8, Chapter 383, O.S.L. 2017 (36 O.S. Supp. 2017,
19 Sections 6530.7 and 6530.8), which relate to insurer
20 and reinsurer assessment and abatement or deferment
21 of assessments; and declaring an emergency.

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

23 SECTION 1. AMENDATORY Section 5, Chapter 383, O.S.L.
24 2017 (36 O.S. Supp. 2016, Section 6530.5), is amended to read as
25 follows:

26 Section 6530.5. A. The Board of Directors of the Oklahoma
27 Individual Health Insurance Market Stabilization Program shall:

1 1. Develop, implement and administer the Program.

2 Implementation of the Program shall be contingent upon Oklahoma's
3 approval for and receipt of federal funds to implement and sustain
4 the Program;

5 2. ~~Levy and collect all assessments from all health insurers~~
6 ~~and reinsurers~~ Apply for and utilize federal funding for the
7 reinsurance program, as provided in subsection C of this section;

8 3. Make payments to provide for the market stabilization
9 activities authorized by this act and for administrative expenses
10 incurred or estimated to be incurred during the period for which
11 assessment is made;

12 4. Establish administrative and accounting processes and
13 procedures for the operation of the Program and create operating
14 rules to effectuate the provisions of this act including but not
15 limited to:

16 a. determine eligibility of individuals to receive
17 coverage under the Program,

18 b. establish standards for qualification based upon
19 health status, health conditions, prior or current
20 insurance coverage status, health costs as a result of
21 utilization of consuming health care,

22 c. ~~determine amount of the assessment and the amount or~~
23 ~~percentage of the premiums paid to health insurance~~
24 ~~plans for health insurance coverage by eligible~~

~~1~~ individuals, that shall be collected and deposited to
~~2~~ the credit of, and available for use by, the Program,
~~3~~ ~~d.~~ establish the dollar amount of claims for eligible
~~4~~ individuals after which the Program will provide
~~5~~ payments to health insurance plans and the proportion
~~6~~ of such claims above such dollar amount that the
~~7~~ Program will pay,

~~8~~ ~~e.~~ d. establish the rate at which the Program will
~~9~~ reimburse a health insurance plan for claims incurred
~~10~~ for an enrolled individual's claims, above the
~~11~~ attachment point and below the reinsurance cap,

~~12~~ ~~f.~~ e. determine the threshold amount for claims costs
~~13~~ incurred by a health insurance plan for an enrolled
~~14~~ individual's claims, after which the claims costs for
~~15~~ benefits are no longer eligible for reinsurance
~~16~~ payments, and

~~17~~ ~~g.~~ f. determine the diagnosed health condition of an
~~18~~ eligible individual for which the Program will provide
~~19~~ payments to health insurance plans for claims incurred
~~20~~ after such diagnosis is made; and

~~21~~ 5. Apply for, accept and receive federal funding for the
~~22~~ operation of the Program, including the following:

~~23~~ a. approval of a waiver provided by Section 1332 of the
~~24~~ Patient Protection and Affordable Care Act, "1332

- 1 State Innovation Waiver", authorizing federal funding
2 to support market stabilization program payments,
3 b. Oklahoma's participation in any federal grant program
4 or programs, or
5 c. any combination of the above approaches.

6 B. In the event Oklahoma is unable to secure federal approval
7 of a 1332 State Innovation Waiver or secure funding from federal
8 grant programs within two (2) years from the effective date of this
9 act, the Oklahoma Individual Health Insurance Market Stabilization
10 Program shall sunset, and any remaining monies shall be returned to
11 insurers on a pro rata basis based on the amount each insurer has
12 paid in assessments since the creation of the Program.

13 C. To the extent that federal funds become available under
14 federal law, regulation or executive action, the Board may:

- 15 1. Apply for the funds; and
16 2. Use the funds to establish and administer a reinsurance
17 program for the purposes of the Oklahoma Individual Health Insurance
18 Market Stabilization Act.

19 D. The Board shall not have the authority to assess insurers,
20 employers or any other entity to fund the program. The Board may
21 accept funding from other sources for the purpose of the Oklahoma
22 Individual Health Insurance Market Stabilization Act.

1 SECTION 2. AMENDATORY Section 6, Chapter 383, O.S.L.
2 2017 (36 O.S. Supp. 2016, Section 6530.6), is amended to read as
3 follows:

4 Section 6530.6. The Board may:

5 1. Exercise powers granted to insurers under the laws of this
6 state;

7 2. Sue or be sued; and

8 3. ~~In addition to imposing assessments under Sections 5 and 7~~
9 ~~of this act, levy interim assessments against insurers and~~
10 ~~reinsurers to ensure the financial ability of the Program to cover~~
11 ~~the market stabilization activities authorized by this act and any~~
12 ~~administrative expenses incurred or estimated to be incurred in the~~
13 ~~operation of the Program prior to the end of a calendar year. Any~~
14 ~~interim assessment shall be due and payable within thirty (30) days~~
15 ~~of the receipt of the assessment notice by the insurer. Interim~~
16 ~~assessments shall be credited against the insurer's and reinsurer's~~
17 ~~annual assessment; and~~

18 4. Request the Insurance Commissioner to check the reports,
19 records, books and papers of the Insurance Department to determine
20 the financial condition of an insurer for purposes of Section 8 of
21 this act.

22 SECTION 3. REPEALER Sections 7 and 8, Chapter 383,
23 O.S.L. 2017 (36 O.S. Supp. 2017, Sections 6530.7 and 6530.8), are
24 hereby repealed.

1 SECTION 4. It being immediately necessary for the preservation
2 of the public peace, health or safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and
4 be in full force from and after its passage and approval.

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6 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 04/17/2018 - DO
7 PASS.
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