

1 **SENATE FLOOR VERSION**

2 February 28, 2012

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1629

By: Bingman of the Senate

and

Steele of the House

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8
9 [health insurance coverage - establishment and
10 operation of the Health Insurance Private Marketplace
11 Network Trust - marketplace assistance program -
12 codification - noncodification - effective dates]

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

14 SECTION 1. NEW LAW A new section of law not to be
15 codified in the Oklahoma Statutes reads as follows:

16 In November 2005, Oklahoma implemented Insure Oklahoma which is
17 the premium assistance program for health insurance coverage
18 targeting low-income working adults in Oklahoma. Insure Oklahoma
19 has been administered by the Oklahoma Health Care Authority and the
20 program has been successful in providing health insurance coverage
21 to many who were previously uninsured. The Legislature sees an
22 opportunity to build on the success of Insure Oklahoma to expand its
23 mission by giving small business employers more choice in health
24 insurance offerings. It is the intent of the Legislature to

1 accomplish this goal by moving the administration of the Insure
2 Oklahoma program from the purview of the Oklahoma Health Care
3 Authority to a state public trust established in this act.

4 SECTION 2. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 4701 of Title 36, unless there
6 is created a duplication in numbering, reads as follows:

7 A. The purpose of this act is to allow Oklahoma to establish
8 and operate the Health Insurance Private Marketplace Network Trust
9 to facilitate access to health insurance and enhance competition in
10 the small employer health insurance markets by administering the
11 premium assistance program provided in Section 4 of this act and the
12 marketplace assistance program provided in Section 5 of this act.

13 B. The Health Insurance Private Marketplace Network Trust shall
14 be established as a state-beneficiary public trust.

15 C. The Health Insurance Private Marketplace Network Trust shall
16 be governed by a Health Insurance Private Marketplace Network Board.
17 The board of trustees shall consist of seven (7) members as follows:

18 1. One member appointed by the Governor representing health
19 insurance carriers granted a certificate of authority by the
20 Oklahoma Department of Insurance;

21 2. One member appointed by the Speaker of the House of
22 Representatives representing consumers and who has purchased
23 policies through the Trust or is reasonably expected to purchase
24 policies through the Trust;

1 3. One member appointed by the Governor who shall be a health
2 care provider;

3 4. One member appointed by the Governor who shall be a
4 representative of employer groups;

5 5. One member appointed by the President Pro Tempore of the
6 Senate who shall be an insurance agent or broker;

7 6. The Insurance Commissioner; and

8 7. The Secretary of Health and Human Services.

9 D. The Insurance Commissioner shall serve as chair of the board
10 of trustees. The board of trustees shall appoint an Executive
11 Director of the Health Insurance Private Marketplace Network Trust.

12 E. Any contracts entered into by the board of trustees shall
13 not be subject to the provisions of the Oklahoma Central Purchasing
14 Act.

15 F. The board of trustees shall promulgate rules as necessary to
16 implement the purposes of this act.

17 SECTION 3. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 4702 of Title 36, unless there
19 is created a duplication in numbering, reads as follows:

20 As used in Sections 2 through 6 of this act:

21 1. "Aggregate premiums" means a mechanism to pay insurance
22 premiums with contributions from multiple sources;

23 2. "Board of trustees" means the Health Insurance Private
24 Marketplace Network Board;

1 3. "Defined contribution" means pretax dollars contributed by
2 the employer;

3 4. "Premium bundle" means a strategy that joins premiums
4 together in order to lower costs; and

5 5. "Trust" means the Health Insurance Private Marketplace
6 Network Trust.

7 SECTION 4. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 4703 of Title 36, unless there
9 is created a duplication in numbering, reads as follows:

10 A. The Health Insurance Private Marketplace Network Trust is
11 authorized to administer a premium assistance plan for individuals
12 whose family income does not exceed two hundred fifty percent (250%)
13 of the federal poverty level, subject to the limit of federal
14 financial participation, and to assist small businesses and/or their
15 eligible employees to purchase employer-sponsored insurance or "buy-
16 in" to a state-sponsored benefit plan.

17 B. For purposes of this section, "small businesses" may
18 include:

19 1. For-profit employers with two hundred fifty (250) employees
20 or less up to any level supported by existing funding resources; and

21 2. Not-for-profit employers with five hundred (500) employees
22 or less up to any level supported by existing funding resources.

23 For purposes of this paragraph, "for-profit employer" shall mean an
24 entity which is not exempt from taxation pursuant to the provisions

1 of Section 501(c)(3) of the Internal Revenue Code and "not-for-
2 profit employer" shall mean an entity which is exempt from taxation
3 pursuant to the provisions of Section 501(c)(3) of the Internal
4 Revenue Code.

5 C. Foster parents employed by employers with greater than two
6 hundred fifty (250) employees shall be exempt from the qualifying
7 employer requirement provided for in this section and shall be
8 eligible to qualify for the premium assistance program provided for
9 in this section if supported by existing funding.

10 D. The Trust is authorized to create as part of the premium
11 assistance program an option to purchase a high-deductible health
12 insurance plan that is compatible with a health savings account.

13 E. 1. There is hereby created in the State Treasury a
14 revolving fund to be designated the "Health Employee and Economy
15 Improvement Act (HEEIA) Revolving Fund".

16 2. The fund shall be a continuing fund, not subject to fiscal
17 year limitations, and shall consist of:

- 18 a. all monies received by the Trust pursuant to this
19 section and otherwise specified or authorized by law,
- 20 b. monies received by the Trust due to federal financial
21 participation pursuant to Title XIX of the Social
22 Security Act, and
- 23 c. interest attributable to investment of money in the
24 fund.

1 3. All monies accruing to the credit of the fund are hereby
2 appropriated and shall be budgeted and expended by the Trust to
3 implement and administer a premium assistance plan, unless otherwise
4 provided by law.

5 SECTION 5. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 4704 of Title 36, unless there
7 is created a duplication in numbering, reads as follows:

8 A. The Health Insurance Private Marketplace Network Trust is
9 authorized to develop and implement a marketplace assistance program
10 to assist small businesses in the offering of employer-sponsored
11 insurance purchased from private market insurance carriers which
12 shall go into effect January 1, 2014.

13 B. For purposes of this section, "small businesses" means any
14 person, firm, corporation, partnership, limited liability company or
15 association that is actively engaged in a business that employs no
16 more than fifty (50) employees.

17 C. Any eligible small business in this state may participate in
18 the marketplace assistance program authorized in subsection A of
19 this section.

20 D. The marketplace assistance program authorized in subsection
21 A of this section shall be designed in a manner as to encourage the
22 use of defined contributions plans, aggregate premiums and premium
23 bundles.

24

1 E. The board of trustees shall, by rule, determine the funding
2 mechanism for the marketplace assistance program authorized in
3 subsection A of this section.

4 F. The Trust is authorized to create as part of the marketplace
5 assistance program an option to purchase a high-deductible health
6 insurance plan that is compatible with a health savings account.

7 SECTION 6. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 4705 of Title 36, unless there
9 is created a duplication in numbering, reads as follows:

10 Effective July 1, 2013, all powers, duties, functions and
11 responsibilities of the Oklahoma Health Care Authority relating to
12 the premium assistance program provided in Section 1010.1 of Title
13 56 of the Oklahoma Statutes shall be transferred to the Health
14 Insurance Private Marketplace Network Trust, including the transfer
15 of all records, personnel, assets, current and future liabilities,
16 fund balances, encumbrances, obligations, and indebtedness
17 associated with such premium assistance program. All personnel of
18 the Oklahoma Health Care Authority solely employed in positions that
19 administer and support such premium assistance program shall be
20 transferred to the Trust as of July 1, 2013.

21 SECTION 7. AMENDATORY 56 O.S. 2011, Section 1010.1, is
22 amended to read as follows:

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1 Section 1010.1. A. Section 1010.1 et seq. of this title shall
2 be known and may be cited as the "Oklahoma Medicaid Program Reform
3 Act of 2003".

4 B. Recognizing that many Oklahomans do not have health care
5 benefits or health care coverage, that many small businesses cannot
6 afford to provide health care benefits to their employees, and that,
7 under federal law, barriers exist to providing Medicaid benefits to
8 the uninsured, the Oklahoma Legislature hereby establishes
9 provisions to lower the number of uninsured, assist businesses in
10 their ability to afford health care benefits and coverage for their
11 employees, and eliminate barriers to providing health coverage to
12 eligible enrollees under federal law.

13 C. Unless otherwise provided by law, the Oklahoma Health Care
14 Authority shall provide coverage under the state Medicaid program to
15 children under the age of eighteen (18) years whose family incomes
16 do not exceed one hundred eighty-five percent (185%) of the federal
17 poverty level.

18 D. 1. The Authority is directed to apply for a waiver or
19 waivers to the Centers for Medicaid and Medicare Services (CMS) that
20 will accomplish the purposes outlined in subsection B of this
21 section. The Authority is further directed to negotiate with CMS to
22 include in the waiver authority provisions to:

23 a. increase access to health care for Oklahomans,
24

1 b. reform the Oklahoma Medicaid Program to promote
2 personal responsibility for health care services and
3 appropriate utilization of health care benefits
4 through the use of public-private cost sharing, and

5 c. ~~enable small employers, and/or employed, uninsured~~
6 ~~adults with or without children to purchase employer-~~
7 ~~sponsored, state approved private, or state sponsored~~
8 ~~health care coverage through a state premium~~
9 ~~assistance payment plan. If by January 1, 2012, the~~
10 ~~Employer/Employee Partnership for Insurance Coverage~~
11 ~~Premium Assistance Program is not consuming more than~~
12 ~~seventy five percent (75%) of its dedicated source of~~
13 ~~funding, then the program will be expanded to include~~
14 ~~parents of children eligible for Medicaid, and~~

15 ~~d.~~ develop flexible health care benefit packages based
16 upon patient need and cost.

17 2. The Authority may phase in any waiver or waivers it receives
18 based upon available funding.

19 ~~3. The Authority is authorized to develop and implement a~~
20 ~~premium assistance plan to assist small businesses and/or their~~
21 ~~eligible employees to purchase employer sponsored insurance or "buy-~~
22 ~~in" to a state sponsored benefit plan.~~

23 ~~4. a. The Authority is authorized to seek from the Centers~~
24 ~~for Medicare and Medicaid Services any waivers or~~

1 ~~amendments to existing waivers necessary to accomplish~~
2 ~~an expansion of the premium assistance program to:~~
3 ~~(1) include for-profit employers with two hundred~~
4 ~~fifty employees or less up to any level supported~~
5 ~~by existing funding resources, and~~
6 ~~(2) include not for profit employers with five~~
7 ~~hundred employees or less up to any level~~
8 ~~supported by existing funding resources.~~

9 ~~b. Foster parents employed by employers with greater than~~
10 ~~two hundred fifty employees shall be exempt from the~~
11 ~~qualifying employer requirement provided for in this~~
12 ~~paragraph and shall be eligible to qualify for the~~
13 ~~premium assistance program provided for in this~~
14 ~~section if supported by existing funding.~~

15 ~~E. For purposes of this paragraph, "for-profit employer" shall~~
16 ~~mean an entity which is not exempt from taxation pursuant to the~~
17 ~~provisions of Section 501(c)(3) of the Internal Revenue Code and~~
18 ~~"not for profit employer" shall mean an entity which is exempt from~~
19 ~~taxation pursuant to the provisions of Section 501(c)(3) of the~~
20 ~~Internal Revenue Code.~~

21 ~~F. The Authority is authorized to seek from the Centers for~~
22 ~~Medicare and Medicaid Services any waivers or amendments to existing~~
23 ~~waivers necessary to accomplish an extension of the premium~~
24 ~~assistance program to include qualified employees whose family~~

1 ~~income does not exceed two hundred fifty percent (250%) of the~~
2 ~~federal poverty level, subject to the limit of federal financial~~
3 ~~participation.~~

4 ~~G. The Authority is authorized to create as part of the premium~~
5 ~~assistance program an option to purchase a high deductible health~~
6 ~~insurance plan that is compatible with a health savings account.~~

7 ~~H. 1. There is hereby created in the State Treasury a~~
8 ~~revolving fund to be designated the "Health Employee and Economy~~
9 ~~Improvement Act (HEEIA) Revolving Fund".~~

10 ~~2. The fund shall be a continuing fund, not subject to fiscal~~
11 ~~year limitations, and shall consist of:~~

12 ~~a. all monies received by the Authority pursuant to this~~
13 ~~section and otherwise specified or authorized by law,~~

14 ~~b. monies received by the Authority due to federal~~
15 ~~financial participation pursuant to Title XIX of the~~
16 ~~Social Security Act, and~~

17 ~~c. interest attributable to investment of money in the~~
18 ~~fund.~~

19 ~~3. All monies accruing to the credit of the fund are hereby~~
20 ~~appropriated and shall be budgeted and expended by the Authority to~~
21 ~~implement a premium assistance plan, unless otherwise provided by~~
22 ~~law.~~

23 ~~I. E. 1. The Authority shall establish a procedure for~~
24 ~~verifying an applicant's individual income by utilizing available~~

1 Oklahoma Tax Commission records, new hire report data collected by
2 the Oklahoma Employment Security Commission, and child support
3 payment data collected by the Department of Human Services in
4 accordance with federal and state law.

5 2. The Oklahoma Tax Commission, Oklahoma Employment Security
6 Commission, and Department of Human Services shall cooperate in
7 accordance with federal and state law with the Authority to
8 establish procedures for the secure electronic transmission of an
9 applicant's individual income data to the Authority.

10 SECTION 8. NEW LAW A new section of law not to be
11 codified in the Oklahoma Statutes reads as follows:

12 The Oklahoma Health Care Authority is hereby directed to seek
13 any and all Federal approval necessary to implement the provisions
14 of this act.

15 SECTION 9. Sections 1, 2 and 8 of this act shall become
16 effective September 1, 2012.

17 SECTION 10. Sections 3 through 7 of this act shall become
18 effective July 1, 2013.

19 COMMITTEE REPORT BY: COMMITTEE ON HEALTH & HUMAN SERVICES, dated
20 2-27-12 - DO PASS, As Amended and Coauthored.

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