An Act

ENROLLED HOUSE
BILL NO. 3280

By: Mulready of the House

and

Stanislawski of the Senate

An Act relating to insurance; authorizing the creation of nonprofit health maintenance organization corporations; authorizing certain organizations to convert to certain corporations; granting certain powers and authority to nonprofit health maintenance organization corporations; providing for application for certificate of authority process; providing requirements for certification; providing for applicability of certain act; limiting liability; providing for applicability; providing for codification; providing an effective date; and declaring an emergency.

SUBJECT: Nonprofit health maintenance organization corporations

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

B. Existing Oklahoma-licensed domestic health maintenance organizations may amend their corporate organizational documents to become nonprofit health maintenance organization corporations pursuant to the provisions of this act, which shall entitle them to

all rights, obligations and provisions of this act. Existing Oklahoma-licensed domestic health maintenance organizations that amend their corporate organizational documents to become nonprofit health maintenance organization corporations shall continue to exist without interruption in business, licenses, certifications or other continuity.

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

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

A nonprofit health maintenance organization corporation may issue contracts to its subscribers only when the Insurance Commissioner has, by certificate of authority, authorized it to do so. Application for such certificate of authority shall be made on forms supplied or approved by the Commissioner, containing such information as the Commissioner shall deem necessary. Each application for a certificate of authority shall be accompanied by copies of the documents required by Section 6903 of Title 36 of the Oklahoma Statutes.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 7. This act shall become effective July 1, 2014.

SECTION 8. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 6th day of May, 2014.

Presiding Officer of the House of Representatives

Passed the Senate the 15th day of April, 2014.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 7th day of May, 20 14, at 3:28 o'clock P M.

By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 12th day of May, 20 14, at 1:28 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 12th day of May, 20 14, at 2:43 o'clock P. M.

By: Chris Benge