

1 **SENATE FLOOR VERSION**

2 April 4, 2023

3 ENGROSSED HOUSE
4 BILL NO. 1504

5 By: Sneed, Randleman,
6 O'Donnell, Luttrell,
7 Townley, Hardin, Osburn,
8 Humphrey, Manger, Olsen,
9 Williams, Pae, West
10 (Tammy), Cornwell,
11 Dobrinski, and Wolfley of
12 the House

13 and

14 Bullard of the Senate

15 An Act relating to health insurance; amending 36 O.S.
16 2021, Section 3624, which relates to assignability of
17 policies; updating statutory reference; amending 36
18 O.S. 2021, Section 6055, which relates to insurance
19 policies; modifying entities subject to certain
20 policies; requiring compensation of certain entities
21 in certain situations; creating liability for damages
22 in certain cases; providing for certain
23 administrative fines; providing for an opportunity
24 for hearing; directing administrative fees to certain
funds; creating certain policyholder rights; updating
statutory references; and providing an effective
date.

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

26 SECTION 1. AMENDATORY 36 O.S. 2021, Section 3624, is
27 amended to read as follows:

1 Section 3624. Except as provided in ~~subsection D~~ of Section
2 6055 of this title, a policy may be assignable or not assignable, as
3 provided by its terms. Subject to its terms relating to
4 assignability, any life or accident and health policy, whether
5 heretofore or hereafter issued, under the terms of which the
6 beneficiary may be changed upon the sole request of the insured, may
7 be assigned either by pledge or transfer of title, by an assignment
8 executed by the insured alone and delivered to the insurer, whether
9 or not the pledgee or assignee is the insurer. Any such assignment
10 shall entitle the insurer to deal with the assignee as the owner or
11 pledgee of the policy in accordance with the terms of the
12 assignment, until the insurer has received at its home office
13 written notice of termination of the assignment or pledge, or
14 written notice by or on behalf of some other person claiming some
15 interest in the policy in conflict with the assignment.

16 SECTION 2. AMENDATORY 36 O.S. 2021, Section 6055, is
17 amended to read as follows:

18 Section 6055. A. Under any accident and health insurance
19 policy, hereafter renewed or issued for delivery from out of
20 Oklahoma or in Oklahoma by any insurer and covering an Oklahoma
21 risk, the services and procedures may be performed by any
22 practitioner selected by the insured, or the parent or guardian of
23 the insured if the insured is a minor, if the services and
24

1 procedures fall within the licensed scope of practice of the
2 practitioner providing the same.

3 B. An accident and health insurance policy may:

4 1. Exclude or limit coverage for a particular illness, disease,
5 injury or condition; but, except for such exclusions or limits,
6 shall not exclude or limit particular services or procedures that
7 can be provided for the diagnosis and treatment of a covered
8 illness, disease, injury or condition, if such exclusion or
9 limitation has the effect of discriminating against a particular
10 class of practitioner. However, such services and procedures, in
11 order to be a covered medical expense, must:

12 a. be medically necessary,

13 b. be of proven efficacy, and

14 c. fall within the licensed scope of practice of the
15 practitioner providing same; and

16 2. Provide for the application of deductibles and copayment
17 provisions, when equally applied to all covered charges for services
18 and procedures that can be provided by any practitioner for the
19 diagnosis and treatment of a covered illness, disease, injury or
20 condition.

21 C. 1. Paragraph 2 of subsection B of this section shall not be
22 construed to prohibit differences in cost-sharing provisions such as
23 deductibles and copayment provisions between practitioners,
24 hospitals ~~and~~, ambulatory surgical centers, home care agencies, or

1 other health care providers or facilities that are licensed or
2 certified by the state who are participating preferred provider
3 organization providers and practitioners, hospitals ~~and~~, ambulatory
4 surgical centers, home care agencies, or other health care providers
5 or facilities that are licensed or certified by the state who are
6 not participating in the preferred provider organization, subject to
7 the following limitations:

8 a. the amount of any annual deductible per covered person
9 or per family for treatment in a hospital or
10 ambulatory surgical center that is not a preferred
11 provider shall not exceed three times the amount of a
12 corresponding annual deductible for treatment in a
13 hospital or ambulatory surgical center that is a
14 preferred provider,

15 b. if the policy has no deductible for treatment in a
16 preferred provider hospital or ambulatory surgical
17 center, the deductible for treatment in a hospital or
18 ambulatory surgical center that is not a preferred
19 provider shall not exceed One Thousand Dollars
20 (\$1,000.00) per covered-person visit,

21 c. the amount of any annual deductible per covered person
22 or per family treatment, other than inpatient
23 treatment, by a practitioner that is not a preferred
24 practitioner shall not exceed three times the amount

1 of a corresponding annual deductible for treatment,
2 other than inpatient treatment, by a preferred
3 practitioner,

4 d. if the policy has no deductible for treatment by a
5 preferred practitioner, the annual deductible for
6 treatment received from a practitioner that is not a
7 preferred practitioner shall not exceed Five Hundred
8 Dollars (\$500.00) per covered person, and

9 e. the percentage amount of any coinsurance to be paid by
10 an insured to a practitioner, hospital or ambulatory
11 surgical center that is not a preferred provider shall
12 not exceed by more than thirty (30) percentage points
13 the percentage amount of any coinsurance payment to be
14 paid to a preferred provider.

15 2. The Commissioner has discretion to approve a cost-sharing
16 arrangement which does not satisfy the limitations imposed by this
17 subsection if the Commissioner finds that such cost-sharing
18 arrangement will provide a reduction in premium costs.

19 D. 1. A practitioner, hospital ~~or~~, ambulatory surgical center,
20 home care agency, or other health care provider or facility that is
21 licensed or certified by the state that is not a preferred provider
22 shall disclose to the insured, in writing, that the insured may be
23 responsible for:

24 a. higher coinsurance and deductibles, and

1 b. practitioner, hospital or ambulatory surgical center
2 charges which exceed the allowable charges of a
3 preferred provider, and

4 c. a good-faith estimate of the total cost to the
5 insured.

6 2. When a referral is made to a nonparticipating hospital or
7 ambulatory surgical center, the referring practitioner must disclose
8 in writing to the insured, any ownership interest in the
9 nonparticipating hospital or ambulatory surgical center.

10 E. Upon submission of a claim by a practitioner, hospital, home
11 care agency, ~~or~~ ambulatory surgical center, or other health care
12 provider or facility that is licensed or certified by the state to
13 an insurer on a uniform health care claim form adopted by the
14 Insurance Commissioner pursuant to Section 6581 of this title, the
15 insurer shall provide a timely explanation of benefits to the
16 practitioner, hospital, home care agency, ~~or~~ ambulatory surgical
17 center, or other health care provider or facility that is licensed
18 or certified by the state regardless of the network participation
19 status of such person or entity.

20 F. Benefits available under an accident and health insurance
21 policy, at the option of the insured, shall be assignable to a
22 practitioner, hospital, home care agency ~~or~~, ambulatory surgical
23 center, or other health care provider or facility that is licensed
24 or certified by the state who has provided services and procedures

1 which are covered under the policy. A practitioner, hospital, home
2 care agency ~~or~~, ambulatory surgical center, or other health care
3 provider or facility that is licensed or certified by the state
4 shall be compensated directly by an insurer for services and
5 procedures which have been provided when the following conditions
6 are met:

7 1. Benefits available under a policy have been assigned in
8 writing by an insured to the practitioner, hospital, home care
9 agency ~~or~~, ambulatory surgical center, or other health care provider
10 or facility that is licensed or certified by the state;

11 2. A copy of the assignment has been provided by the
12 practitioner, hospital, home care agency ~~or~~, ambulatory surgical
13 center, or other health care provider or facility that is licensed
14 or certified by the state to the insurer;

15 3. A claim has been submitted by the practitioner, hospital,
16 home care agency, ~~or~~ ambulatory surgical center, or other health
17 care provider or facility that is licensed or certified by the state
18 to the insurer on a uniform health insurance claim form adopted by
19 the Insurance Commissioner pursuant to Section 6581 of this title;
20 and

21 4. A copy of the claim ~~has~~ and the estimate required in
22 subparagraph c of paragraph 1 of subsection D of this section have
23 been provided by the practitioner, hospital, home care agency ~~or~~,

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1 ambulatory surgical center, or other health care provider or
2 facility that is licensed or certified by the state to the insured.

3 G. The provisions of subsection F of this section shall not
4 apply to:

5 1. Any preferred provider organization (PPO), as defined by
6 generally accepted industry standards, that contracts with
7 practitioners that agree to accept the reimbursement available under
8 the PPO agreement as payment in full and agree not to balance bill
9 the insured; or

10 2. Any statewide provider network which:

11 a. provides that a practitioner, hospital, home care
12 agency ~~or~~, ambulatory surgical center, or other health
13 care provider or facility that is licensed or
14 certified by the state who joins the provider network
15 shall be compensated directly by the insurer,

16 b. does not have any terms or conditions which have the
17 effect of discriminating against a particular class of
18 practitioner,

19 c. allows any practitioner, hospital, home care agency,
20 ~~or~~ ambulatory surgical center, or other health care
21 provider or facility that is licensed or certified by
22 the state, except a practitioner who has a prior
23 felony conviction, to become a network provider if
24 ~~said~~ the hospital or practitioner is willing to comply

1 with the terms and conditions of a standard network
2 provider contract, and

3 d. contracts with practitioners that agree to accept the
4 reimbursement available under the network agreement as
5 payment in full and agree not to balance bill the
6 insured.

7 The provisions of this section shall not be deemed to prohibit a
8 policyholder from assigning benefits available pursuant to an
9 accident and health insurance policy, provided that the benefits of
10 such policy include out-of-network provisions and are being assigned
11 to an out-of-network practitioner, hospital, home care agency,
12 ambulatory surgical center, or other health care provider or
13 facility that is licensed or certified by the state. The
14 assignability of an accident and health insurance policy related to
15 out-of-network care shall only be subject to the terms and
16 conditions specified in subsection F of this section.

17 H. A nonparticipating practitioner, hospital or ambulatory
18 surgical center may request from an insurer and the insurer shall
19 supply a good-faith estimate of the allowable fee for a procedure to
20 be performed upon an insured based upon information regarding the
21 anticipated medical needs of the insured provided to the insurer by
22 the nonparticipating practitioner.

23 I. A practitioner shall be equally compensated for covered
24 services and procedures provided to an insured on the basis of

1 charges prevailing in the same geographical area or in similar sized
2 communities for similar services and procedures provided to
3 similarly ill or injured persons regardless of the branch of the
4 healing arts to which the practitioner may belong, if:

5 1. The practitioner does not authorize or permit false and
6 fraudulent advertising regarding the services and procedures
7 provided by the practitioner; and

8 2. The practitioner does not aid or abet the insured to violate
9 the terms of the policy.

10 J. Nothing in the Health Care Freedom of Choice Act shall
11 prohibit an insurer from establishing a preferred provider
12 organization and a standard participating provider contract
13 therefor, specifying the terms and conditions, including, but not
14 limited to, provider qualifications, and alternative levels or
15 methods of payment that must be met by a practitioner selected by
16 the insurer as a participating preferred provider organization
17 provider.

18 K. A preferred provider organization, in executing a contract,
19 shall not, by the terms and conditions of the contract or internal
20 protocol, discriminate within its network of practitioners with
21 respect to participation and reimbursement as it relates to any
22 practitioner who is acting within the scope of the practitioner's
23 license under the law solely on the basis of such license.

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1 L. Decisions by an insurer or a preferred provider organization
2 (PPO) to authorize or deny coverage for an emergency service shall
3 be based on the patient presenting symptoms arising from any injury,
4 illness, or condition manifesting itself by acute symptoms of
5 sufficient severity, including severe pain, such that a reasonable
6 and prudent layperson could expect the absence of medical attention
7 to result in serious:

- 8 1. Jeopardy to the health of the patient;
- 9 2. Impairment of bodily function; or
- 10 3. Dysfunction of any bodily organ or part.

11 M. An insurer or preferred provider organization (PPO) shall
12 not deny an otherwise covered emergency service based solely upon
13 lack of notification to the insurer or PPO.

14 N. An insurer or a preferred provider organization (PPO) shall
15 compensate a provider for patient screening, evaluation, and
16 examination services that are reasonably calculated to assist the
17 provider in determining whether the condition of the patient
18 requires emergency service. If the provider determines that the
19 patient does not require emergency service, coverage for services
20 rendered subsequent to that determination shall be governed by the
21 policy or PPO contract.

22 O. Nothing in ~~this act~~ the Health Care Freedom of Choice Act
23 shall be construed as prohibiting an insurer, preferred provider
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1 organization or other network from determining the adequacy of the
2 size of its network.

3 P. An insurer or a preferred provider organization shall not
4 unilaterally remove a provider from the network solely because the
5 provider informs an enrollee of the full range of physicians and
6 providers available to the enrollee, including out-of-network
7 providers. Nothing in ~~this act~~ the Health Care Freedom of Choice
8 Act prohibits any insurer from allowing a contract to expire by its
9 own terms or negotiating a new contract with the provider at the end
10 of the contract term. A provider agreement shall not, as a
11 condition of the agreement, prohibit, penalize, terminate, or
12 otherwise restrict a preferred provider from referring to an out-of-
13 network provider; provided, the insured signs an acknowledgment of
14 referral that the insured may be responsible for:

- 15 1. Higher coinsurance and deductibles; and
- 16 2. Charges which exceed the allowable charges of a preferred
17 provider.

18 SECTION 3. This act shall become effective November 1, 2023.

19 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
20 April 4, 2023 - DO PASS

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