

# Senate Bill 514

Sponsored by Senator MONNES ANDERSON (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Expands eligibility for enrollment in Oregon Medical Insurance Pool to include parents of children who are unable to access health insurance coverage. Prohibits application of waiting period or preexisting conditions provision on children under age of 19 who seek enrollment in pool.

## A BILL FOR AN ACT

1  
2 Relating to the Oregon Medical Insurance Pool; amending ORS 735.615 and 735.625.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 735.615 is amended to read:

5 735.615. (1) Except as provided in subsection (3) of this section, a person who is a resident of  
6 this state, as defined by the Oregon Medical Insurance Pool Board, is eligible for medical pool  
7 coverage if:

8 (a) An insurer, or an insurance company with a certificate of authority in any other state, has  
9 made within a time frame established by the board an adverse underwriting decision, as defined in  
10 ORS 746.600 (1)(a)(A), (B) or (D), on individual medical insurance for health reasons while the person  
11 was a resident;

12 (b) The person has a history of any medical or health conditions on the list adopted by the board  
13 under subsection (2) of this section;

14 (c) The person is a spouse, **parent** or dependent of a person described in paragraph (a) or (b)  
15 of this subsection; or

16 (d) The person is eligible for the credit for health insurance costs under section 35 of the federal  
17 Internal Revenue Code, as amended and in effect on [*December 31, 2004*] **March 2, 2010**.

18 (2) The board may adopt a list of medical or health conditions for which a person is eligible for  
19 pool coverage without applying for individual medical insurance pursuant to this section.

20 (3) A person is not eligible for coverage under ORS 735.600 to 735.650 if:

21 (a) Except as provided in ORS 735.625 (3)(c), the person is eligible to receive health services as  
22 defined in ORS 414.705 that meet or exceed those adopted by the board or is eligible for Medicare;

23 (b) The person has terminated coverage in the pool within the last 12 months and the termi-  
24 nation was for:

25 (A) A reason other than becoming eligible to receive health services as defined in ORS 414.705;  
26 or

27 (B) A reason that does not meet exception criteria established by the board;

28 (c) The person has exceeded the maximum lifetime benefit established by the board;

29 (d) The person is an inmate of or a patient in a public institution named in ORS 179.321;

30 (e) The person has, on the date of issue of coverage by the board, coverage under health insur-  
31 ance or a self-insurance arrangement that is substantially equivalent to coverage under ORS 735.625;

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 or

2 (f) The person has the premiums paid or reimbursed by a public entity or a health care provider,  
3 reducing the financial loss or obligation of the payer.

4 (4) A person applying for coverage shall establish initial eligibility by providing evidence that  
5 the board requires.

6 (5)(a) Notwithstanding ORS 735.625 (4)(c) and subsection (3)(a) of this section, if a person be-  
7 comes eligible for Medicare after being enrolled in the pool for a period of time as determined by  
8 the board by rule, that person may continue coverage within the pool as secondary coverage to  
9 Medicare.

10 (b) The board may adopt rules concerning the terms and conditions for the coverage provided  
11 under paragraph (a) of this subsection.

12 (6) The board may adopt rules to establish additional eligibility requirements for a person de-  
13 scribed in subsection (1)(d) of this section.

14 **SECTION 2.** ORS 735.625 is amended to read:

15 735.625. (1) Except as provided in subsection (3)(c) of this section, the Oregon Medical Insurance  
16 Pool Board shall offer major medical expense coverage to every eligible person.

17 (2) The coverage to be issued by the board, its schedule of benefits, exclusions and other limi-  
18 tations, shall be established through rules adopted by the board, taking into consideration the advice  
19 and recommendations of the pool members. In the absence of such rules, the pool shall adopt by rule  
20 the minimum benefits prescribed by section 6 (Alternative 1) of the Model Health Insurance Pooling  
21 Mechanism Act of the National Association of Insurance Commissioners (1984).

22 (3)(a) In establishing portability coverage under the pool, the board shall consider the levels of  
23 medical insurance provided in this state and medical economic factors identified by the board. The  
24 board may adopt rules to establish benefit levels, deductibles, coinsurance factors, exclusions and  
25 limitations that the board determines are equivalent to the portability health benefit plans estab-  
26 lished under ORS 743.760.

27 (b) In establishing medical insurance coverage under the pool, the board shall consider the lev-  
28 els of medical insurance provided in this state and medical economic factors identified by the board.  
29 The board may adopt rules to establish benefit levels, deductibles, coinsurance factors, exclusions  
30 and limitations that the board determines are equivalent to those found in the commercial group or  
31 employer-based medical insurance market.

32 (c) The board may provide a separate Medicare supplement policy for individuals under the age  
33 of 65 who are receiving Medicare disability benefits. The board shall adopt rules to establish bene-  
34 fits, deductibles, coinsurance, exclusions and limitations, premiums and eligibility requirements for  
35 the Medicare supplement policy.

36 (d) In establishing medical insurance coverage for persons eligible for coverage under ORS  
37 735.615 (1)(d), the board shall consider the levels of medical insurance provided in this state and  
38 medical economic factors identified by the board. The board may adopt rules to establish benefit  
39 levels, deductibles, coinsurance factors, exclusions and limitations to create benefit plans that  
40 qualify the person for the credit for health insurance costs under section 35 of the federal Internal  
41 Revenue Code, as amended and in effect on [December 31, 2004] **March 2, 2010**.

42 (4)(a) Premiums charged for coverages issued by the board may not be unreasonable in relation  
43 to the benefits provided, the risk experience and the reasonable expenses of providing the coverage.

44 (b) Separate schedules of premium rates based on age and geographical location may apply for  
45 individual risks.

1 (c) The board shall determine the applicable medical and portability risk rates either by calcu-  
 2 lating the average rate charged by insurers offering coverages in the state comparable to the pool  
 3 coverage or by using reasonable actuarial techniques. The risk rates shall reflect anticipated expe-  
 4 rience and expenses for such coverage. Rates for pool coverage may not be more than 125 percent  
 5 of rates established as applicable for medically eligible individuals or for persons eligible for pool  
 6 coverage under ORS 735.615 (1)(d), or 100 percent of rates established as applicable for portability  
 7 eligible individuals.

8 (d) The board shall annually determine adjusted benefits and premiums. The adjustments shall  
 9 be in keeping with the purposes of ORS 735.600 to 735.650, subject to a limitation of keeping pool  
 10 losses under one percent of the total of all medical insurance premiums, subscriber contract charges  
 11 and 110 percent of all benefits paid by member self-insurance arrangements. The board may deter-  
 12 mine the total number of persons that may be enrolled for coverage at any time and may permit and  
 13 prohibit enrollment in order to maintain the number authorized. Nothing in this paragraph author-  
 14 izes the board to prohibit enrollment for any reason other than to control the number of persons in  
 15 the pool.

16 (5)(a) **Except as provided in paragraph (c) of this subsection**, the board may apply:

17 (A) A waiting period of not more than 90 days during which the person has no available cov-  
 18 erage; or

19 (B) [*Except as provided in paragraph (c) of this subsection,*] A preexisting conditions provision  
 20 of not more than six months from the effective date of coverage under the pool.

21 (b) In determining whether a preexisting conditions provision applies to an eligible enrollee,  
 22 except as provided in this subsection, the board shall credit the time the eligible enrollee was cov-  
 23 ered under a previous health benefit plan if the previous health benefit plan was continuous to a  
 24 date not more than 63 days prior to the effective date of the new coverage under the Oregon Med-  
 25 ical Insurance Pool, exclusive of any applicable waiting period. The Oregon Medical Insurance Pool  
 26 Board need not credit the time for previous coverage to which the insured or dependent is otherwise  
 27 entitled under this subsection with respect to benefits and services covered in the pool coverage  
 28 that were not covered in the previous coverage.

29 (c) The board may **not** adopt rules applying a **waiting period or a** preexisting conditions pro-  
 30 vision to a person who is [*eligible for coverage under ORS 735.615 (1)(d)*] **under 19 years of age**.

31 (d) For purposes of this subsection, a “preexisting conditions provision” means a provision that  
 32 excludes coverage for services, charges or expenses incurred during a specified period not to exceed  
 33 six months following the insured’s effective date of coverage, for a condition for which medical ad-  
 34 vice, diagnosis, care or treatment was recommended or received during the six-month period imme-  
 35 diately preceding the insured’s effective date of coverage.

36 (6)(a) Benefits otherwise payable under pool coverage shall be reduced by all amounts paid or  
 37 payable through any other health insurance, or self-insurance arrangement, and by all hospital and  
 38 medical expense benefits paid or payable under any workers’ compensation coverage, automobile  
 39 medical payment or liability insurance whether provided on the basis of fault or nonfault, and by  
 40 any hospital or medical benefits paid or payable under or provided pursuant to any state or federal  
 41 law or program except the Medicaid portion of the medical assistance program offering a level of  
 42 health services described in ORS 414.707.

43 (b) The board shall have a cause of action against an eligible person for the recovery of the  
 44 amount of benefits paid which are not for covered expenses. Benefits due from the pool may be re-  
 45 duced or refused as a setoff against any amount recoverable under this paragraph.

1 (7) Except as provided in ORS 735.616, no mandated benefit statutes apply to pool coverage  
2 under ORS 735.600 to 735.650.

3 (8) Pool coverage may be furnished through a health care service contractor or such alternative  
4 delivery system as will contain costs while maintaining quality of care.

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