

# Senate Bill 162

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## 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**.

Exempts association health plans from requirements applicable to small employer health benefit plans.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

Relating to association health plans; amending ORS 743.734 and section 13, chapter 752, Oregon Laws 2007; and declaring an emergency.

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

**SECTION 1.** ORS 743.734, as amended by section 13, chapter 500, Oregon Laws 2011, is amended to read:

743.734. (1) Every health benefit plan shall be subject to the provisions of ORS 743.733 to 743.737, if the plan provides health benefits covering one or more employees of a small employer and if any one of the following conditions is met:

(a) Any portion of the premium or benefits is paid by a small employer or any eligible employee is reimbursed, whether through wage adjustments or otherwise, by a small employer for any portion of the health benefit plan premium; or

(b) The health benefit plan is treated by the employer or any of the eligible employees as part of a plan or program for the purposes of section 106, section 125 or section 162 of the Internal Revenue Code of 1986, as amended.

(2) Except as provided in ORS 743.733 to 743.737, 743.764 and 743A.012, no state law requiring the coverage or the offer of coverage of a health care service or benefit applies to the basic health benefit plans offered or delivered to a small employer.

(3) Except as otherwise provided by ORS 743.733 to 743.737 or other law, no health benefit plan offered to a small employer shall:

(a) Inhibit a carrier from contracting with providers or groups of providers with respect to health care services or benefits; or

(b) Impose any restriction on the ability of a carrier to negotiate with providers regarding the level or method of reimbursing care or services provided under health benefit plans.

(4) Except to determine the application of a preexisting condition exclusion for a late enrollee who is 19 years of age or older, a carrier shall not use health statements when offering small employer health benefit plans and shall not use any other method to determine the actual or expected health status of eligible enrollees. Nothing in this subsection shall prevent a carrier from using health statements or other information after enrollment for the purpose of providing services or arranging for the provision of services under a health benefit plan.

**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 (5) Except as provided in this section and ORS 743.737, a carrier shall not impose different terms  
 2 or conditions on the coverage, premiums or contributions of any eligible employee of a small em-  
 3 ployer that are based on the actual or expected health status of any eligible employee.

4 (6)(a) A carrier may provide different health benefit plans to different categories of employees  
 5 of a small employer that has at least 26 but no more than 50 eligible employees when the employer  
 6 has chosen to establish different categories of employees in a manner that does not relate to the  
 7 actual or expected health status of such employees or their dependents. The categories must be  
 8 based on bona fide employment-based classifications that are consistent with the employer’s usual  
 9 business practice.

10 (b) Except as provided in ORS 743.736 (9), a carrier that offers coverage to a small employer  
 11 with no more than 25 eligible employees shall offer coverage to all eligible employees of the small  
 12 employer, without regard to the actual or expected health status of any eligible employee.

13 (c) If a small employer elects to offer coverage to dependents of eligible employees, the carrier  
 14 shall offer coverage to all dependents of eligible employees, without regard to the actual or expected  
 15 health status of any eligible dependent.

16 (7) Notwithstanding any other provision of law, an insurer may not deny, delay or terminate  
 17 participation of an individual in a group health benefit plan or exclude coverage otherwise provided  
 18 to an individual under a group health benefit plan based on a preexisting condition of the individual  
 19 if the individual is under 19 years of age.

20 **(8) A health benefit plan issued to a small employer group through an association health**  
 21 **plan is exempt from subsection (1) of this section. For purposes of this subsection, an asso-**  
 22 **ciation health plan is group health insurance described in ORS 743.522 (1)(b).**

23 **SECTION 2.** Section 13, chapter 752, Oregon Laws 2007, as amended by section 4, chapter 81,  
 24 Oregon Laws 2010, and section 10, chapter 500, Oregon Laws 2011, is amended to read:

25 **Sec. 13. (1)** The amendments to ORS 731.146, 731.484, 731.486 [ , 743.734] and 743.748 by sections  
 26 6 to 8, chapter 752, Oregon Laws 2007, and [sections 13 and] **section 18 [of this 2011 Act], chapter**  
 27 **500, Oregon Laws 2011,** become operative on January 2, 2014.

28 **(2) The amendments to ORS 743.734 by section 13, chapter 500, Oregon Laws 2011, and**  
 29 **section 1 of this 2013 Act become operative on the effective date of this 2013 Act.**

30 **SECTION 3. This 2013 Act being necessary for the immediate preservation of the public**  
 31 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
 32 **on its passage.**