

A-Engrossed
Senate Bill 166

Ordered by the Senate February 11
Including Senate Amendments dated February 11

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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.

Requires insurer that elects to communicate with insureds electronically to allow insured to opt out of electronic communication in favor of regular mail when applying for coverage **or coverage renewal**. Prohibits notices of cancellation or nonrenewal to be communicated electronically.
Becomes effective October 1, 2013.

A BILL FOR AN ACT

1
2 Relating to electronic communications from health insurers; amending ORS 743.777; and prescribing
3 an effective date.

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

5 **SECTION 1.** ORS 743.777 is amended to read:

6 743.777. (1) As used in [*subsections (2) to (6) of*] this section:

7 (a) "Explanation of benefits" means claim processing advice or notification of action on claims.

8 (b) "Payment, remittance and reconciliation information" means all information required for
9 premium billing or invoicing, facilitating timely electronic payment of premiums due, delinquency
10 notification, final billing notification or termination of coverage.

11 (c) "Plan renewal information" means all correspondence and materials related to an offer to
12 renew insurance provided by an insurer to a health insurance purchaser.

13 (d) "Quote information" means all correspondence and materials related to an offer to insure
14 or a rate quotation provided by an insurer to a health insurance purchaser.

15 (e) "Sale and enrollment information" means all information documenting the sale of a policy
16 or certificate of health insurance, the renewal of a policy or certificate of health insurance, the
17 enrollment of members in a group health insurance plan or the enrollment of an individual in an
18 individual health insurance plan, including but not limited to:

19 (A) The application for insurance;

20 (B) Initial and ongoing documentation required by the insurer to be provided by an insured to
21 establish eligibility and enrollment, adjudicate and process claims and prove prior creditable cover-
22 age or duplicate coverage;

23 (C) Premium information;

24 (D) Documentation of the payment of a premium; and

25 (E) Membership identification cards.

26 (2) **Notwithstanding any other provision of law**, in the administration of small employer group

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 health insurance or individual health insurance, an insurer may **elect to** communicate one or more
2 of the following by electronic means:

3 (a) Quote information.

4 (b) Sale and enrollment information.

5 (c) Payment, remittance and reconciliation information **except notices required by ORS**
6 **743.499 and 743.565.**

7 (d) Explanation of benefits.

8 (e) Plan renewal information.

9 (f) Notifications required by law.

10 (g) Other communications, documentation, revisions or materials otherwise provided on paper.

11 **(3) An insurer that elects to communicate by electronic means shall offer a small em-**
12 **ployer group member or individual applying for coverage and coverage renewal the option to**
13 **receive by regular mail one or more of the types of communications described in subsection**
14 **(2) of this section.**

15 [(3)] **(4)** Electronic administration of small employer group or individual health insurance plans
16 shall be transacted using secure systems specifically designed by the insurer for the purpose of
17 electronic health insurance administration.

18 [(4)] **(5)** An insurer who elects to offer discounted rates for a health insurance plan utilizing
19 electronic administration shall include the schedule of discounts for utilization of electronic admin-
20 istration as part of a small employer group health insurance or individual health insurance rate
21 filing. The rate discounts may be graduated and must be proportionate to the amount of adminis-
22 trative cost savings the insurer anticipates as a result of the use of electronic transactions described
23 in subsections (2) [and (3)] **to (4)** of this section.

24 [(5)] **(6)** Discounted rates allowed under [subsections (4) to (6)] **subsection (5)** of this section
25 shall be applied uniformly to all similarly situated small employer group or individual health insur-
26 ance purchasers of an insurer.

27 [(6)] **(7)** Discounts in premium rates under subsections [(4) to (6)] **(5) and (6)** of this section are
28 not premium rate variations for purposes of ORS 743.737 (11) or 743.767.

29 [(7)] **(8)** [Subsections (1) to (6) of] This section [do] **does** not require an insurer to offer dis-
30 counted rates for a health insurance plan utilizing electronic administration or require a small em-
31 ployer group or an individual health insurance purchaser to use electronic administration.

32 **SECTION 2. This 2013 Act takes effect on October 1, 2013.**

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