

House Bill 4156

Sponsored by Representatives DOHERTY, MALSTROM (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**.

Prohibits carriers offering health benefit plans from making specified changes to prescription drug coverage during plan year.

A BILL FOR AN ACT

1
2 Relating to prescription drug coverage by health benefit plans; amending ORS 743B.013, 743B.105
3 and 743B.125.

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

5 **SECTION 1.** ORS 743B.013 is amended to read:

6 743B.013. (1) A health benefit plan issued to a small employer:

7 (a) Other than a grandfathered health plan, must cover essential health benefits consistent with
8 42 U.S.C. 300gg-11.

9 (b) May require an affiliation period that does not exceed two months for an enrollee or 90 days
10 for a late enrollee.

11 (c) May not apply a preexisting condition exclusion to any enrollee.

12 (2) Late enrollees in a small employer health benefit plan may be subjected to a group eligibility
13 waiting period that does not exceed 90 days.

14 (3) Each small employer health benefit plan is renewable with respect to all eligible enrollees
15 at the option of the policyholder, small employer or contract holder unless:

16 (a) The policyholder, small employer or contract holder fails to pay the required premiums.

17 (b) The policyholder, small employer or contract holder or, with respect to coverage of individ-
18 ual enrollees, an enrollee or a representative of an enrollee engages in fraud or makes an inten-
19 tional misrepresentation of a material fact as prohibited by the terms of the plan.

20 (c) The number of enrollees covered under the plan is less than the number or percentage of
21 enrollees required by participation requirements under the plan.

22 (d) The small employer fails to comply with the contribution requirements under the health
23 benefit plan.

24 (e) The carrier discontinues both offering and renewing all of the carrier's small employer health
25 benefit plans in this state or in a specified service area within this state. In order to discontinue
26 plans under this paragraph, the carrier:

27 (A) Must give notice of the decision to the Department of Consumer and Business Services and
28 to all policyholders covered by the plans;

29 (B) May not cancel coverage under the plans for 180 days after the date of the notice required
30 under subparagraph (A) of this paragraph if coverage is discontinued in the entire state or in a
31 specified service area, except that:

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 (i) The carrier shall cancel coverage in accordance with subparagraph (C) of this paragraph if
2 the cancellation is for a specified service area in the circumstances described in subparagraph (C)
3 of this paragraph; and

4 (ii) The Director of the Department of Consumer and Business Services may specify a cancella-
5 tion date other than the cancellation date specified in this subparagraph if the carrier is subject to
6 a delinquency proceeding, as defined in ORS 734.014; and

7 (C) May not cancel coverage under the plans for 90 days after the date of the notice required
8 under subparagraph (A) of this paragraph if coverage is discontinued in a specified service area
9 because of an inability to reach an agreement with the health care providers or organization of
10 health care providers to provide services under the plans within the service area.

11 (f) The carrier discontinues both offering and renewing a small employer health benefit plan in
12 a specified service area within this state because of an inability to reach an agreement with the
13 health care providers or organization of health care providers to provide services under the plan
14 within the service area. In order to discontinue a plan under this paragraph, the carrier:

15 (A) Must give notice to the department and to all policyholders covered by the plan;

16 (B) May not cancel coverage under the plan for 90 days after the date of the notice required
17 under subparagraph (A) of this paragraph; and

18 (C) Must offer in writing to each small employer covered by the plan, all other small employer
19 health benefit plans that the carrier offers to small employers in the specified service area. The
20 carrier shall issue any such plans pursuant to the provisions of ORS 743B.010 to 743B.013. The
21 carrier shall offer the plans at least 90 days prior to discontinuation.

22 (g) The carrier discontinues both offering and renewing a health benefit plan, other than a
23 grandfathered health plan, for all small employers in this state or in a specified service area within
24 this state, other than a plan discontinued under paragraph (f) of this subsection.

25 (h) The carrier discontinues both offering and renewing a grandfathered health plan for all small
26 employers in this state or in a specified service area within this state, other than a plan discontin-
27 ued under paragraph (f) of this subsection.

28 (i) With respect to plans that are being discontinued under paragraph (g) or (h) of this sub-
29 section, the carrier must:

30 (A) Offer in writing to each small employer covered by the plan, all other health benefit plans
31 that the carrier offers to small employers in the specified service area.

32 (B) Issue any such plans pursuant to the provisions of ORS 743B.010 to 743B.013.

33 (C) Offer the plans at least 90 days prior to discontinuation.

34 (D) Act uniformly without regard to the claims experience of the affected policyholders or the
35 health status of any current or prospective enrollee.

36 (j) The Director of the Department of Consumer and Business Services orders the carrier to
37 discontinue coverage in accordance with procedures specified or approved by the director upon
38 finding that the continuation of the coverage would:

39 (A) Not be in the best interests of the enrollees; or

40 (B) Impair the carrier's ability to meet contractual obligations.

41 (k) In the case of a small employer health benefit plan that delivers covered services through
42 a specified network of health care providers, there is no longer any enrollee who lives, resides or
43 works in the service area of the provider network.

44 (L) In the case of a health benefit plan that is offered in the small employer market only to one
45 or more bona fide associations, the membership of an employer in the association ceases and the

1 termination of coverage is not related to the health status of any enrollee.

2 (4) A carrier may modify a small employer health benefit plan at the time of coverage renewal.
 3 The modification is not a discontinuation of the plan under subsection (3)(e), (g) and (h) of this sec-
 4 tion.

5 (5) Notwithstanding any provision of subsection (3) of this section to the contrary, a carrier may
 6 not rescind the coverage of an enrollee in a small employer health benefit plan unless:

7 (a) The enrollee or a person seeking coverage on behalf of the enrollee:

8 (A) Performs an act, practice or omission that constitutes fraud; or

9 (B) Makes an intentional misrepresentation of a material fact as prohibited by the terms of the
 10 plan;

11 (b) The carrier provides at least 30 days' advance written notice, in the form and manner pre-
 12 scribed by the department, to the enrollee; and

13 (c) The carrier provides notice of the rescission to the department in the form, manner and time
 14 frame prescribed by the department by rule.

15 (6) Notwithstanding any provision of subsection (3) of this section to the contrary, a carrier may
 16 not rescind a small employer health benefit plan unless:

17 (a) The small employer or a representative of the small employer:

18 (A) Performs an act, practice or omission that constitutes fraud; or

19 (B) Makes an intentional misrepresentation of a material fact as prohibited by the terms of the
 20 plan;

21 (b) The carrier provides at least 30 days' advance written notice, in the form and manner pre-
 22 scribed by the department, to each plan enrollee who would be affected by the rescission of cover-
 23 age; and

24 (c) The carrier provides notice of the rescission to the department in the form, manner and time
 25 frame prescribed by the department by rule.

26 (7)(a) A carrier may continue to enforce reasonable employer participation and contribution re-
 27 quirements on small employers. However, participation and contribution requirements shall be ap-
 28 plied uniformly among all small employer groups with the same number of eligible employees
 29 applying for coverage or receiving coverage from the carrier. In determining minimum participation
 30 requirements, a carrier shall count only those employees who are not covered by an existing group
 31 health benefit plan, Medicaid, Medicare, TRICARE, Indian Health Service or a publicly sponsored
 32 or subsidized health plan, including but not limited to the medical assistance program under ORS
 33 chapter 414.

34 (b) A carrier may not deny a small employer's application for coverage under a health benefit
 35 plan based on participation or contribution requirements but may require small employers that do
 36 not meet participation or contribution requirements to enroll during the open enrollment period
 37 beginning November 15 and ending December 15.

38 (8) Premium rates for small employer health benefit plans, except grandfathered health plans,
 39 are subject to the following provisions:

40 (a) Each carrier must file with the department the initial geographic average rate and any
 41 changes in the geographic average rate with respect to each health benefit plan issued by the car-
 42 rier to small employers.

43 (b)(A) The variations in premium rates charged during a rating period for health benefit plans
 44 issued to small employers must be based solely on the factors specified in subparagraph (B) of this
 45 paragraph. A carrier may elect which of the factors specified in subparagraph (B) of this paragraph

1 apply to premium rates for health benefit plans for small employers. All other factors must be ap-
 2 plied in the same actuarially sound way to all small employer health benefit plans.

3 (B) The variations in premium rates described in subparagraph (A) of this paragraph may be
 4 based only on one or more of the following factors as prescribed by the department by rule:

5 (i) The ages of enrolled employees and their dependents, except that the rate for adults may not
 6 vary by more than three to one;

7 (ii) The level at which enrolled employees and dependents of enrolled employees engage in to-
 8 bacco use, except that the rate may not vary by more than 1.5 to one; and

9 (iii) Adjustments to reflect differences in family composition.

10 (C) A carrier shall apply the carrier's schedule of premium rate variations as approved by the
 11 department and in accordance with this paragraph. Except as otherwise provided in this section, the
 12 premium rate established by a carrier for a small employer health benefit plan applies uniformly to
 13 all employees of the small employer enrolled in that plan.

14 (c) Except as provided in paragraph (b) of this subsection, the variation in premium rates be-
 15 tween different health benefit plans offered by a carrier to small employers must be based solely on
 16 objective differences in plan design or coverage, age, tobacco use and family composition and must
 17 not include differences based on the risk characteristics of groups assumed to select a particular
 18 health benefit plan.

19 (d) A carrier may not increase the rates of a health benefit plan issued to a small employer more
 20 than once in a 12-month period. Annual rate increases are effective on the plan anniversary date
 21 of the health benefit plan issued to a small employer. The percentage increase in the premium rate
 22 charged to a small employer for a new rating period may not exceed the sum of the following:

23 (A) The percentage change in the geographic average rate measured from the first day of the
 24 prior rating period to the first day of the new period; and

25 (B) Any adjustment attributable to changes in age and differences in family composition.

26 (9) Premium rates for grandfathered health plans are subject to requirements prescribed by the
 27 department by rule.

28 (10) In connection with the offering for sale of any health benefit plan to a small employer, each
 29 carrier shall make a reasonable disclosure as part of the carrier's solicitation and sales materials
 30 of:

31 (a) The full array of health benefit plans that are offered to small employers by the carrier;

32 (b) The authority of the carrier to adjust rates and premiums, and the extent to which the car-
 33 rier considers age, tobacco use, family composition and geographic factors in establishing and ad-
 34 justing rates and premiums; and

35 (c) The benefits and premiums for all health insurance coverage for which the employer is
 36 qualified.

37 (11)(a) Each carrier shall maintain at the carrier's principal place of business a complete and
 38 detailed description of the carrier's rating practices and renewal underwriting practices relating to
 39 the carrier's small employer health benefit plans, including information and documentation that
 40 demonstrate that the carrier's rating methods and practices are based upon commonly accepted
 41 actuarial practices and are in accordance with sound actuarial principles.

42 (b) A carrier offering a small employer health benefit plan shall file with the department at least
 43 once every 12 months an actuarial certification that the carrier is in compliance with ORS 743B.010
 44 to 743B.013 and that the rating methods of the carrier are actuarially sound. Each certification must
 45 be in a uniform form and manner and must contain such information as specified by the department.

1 The carrier shall retain a copy of each certification at the carrier's principal place of business. A
 2 carrier is not required to file the actuarial certification under this paragraph if the department has
 3 approved the carrier's rate filing within the preceding 12-month period.

4 (c) A carrier shall make the information and documentation described in paragraph (a) of this
 5 subsection available to the department upon request. Except as provided in ORS 743.018 and except
 6 in cases of violations of ORS 743B.010 to 743B.013, the information is proprietary and trade secret
 7 information and is not subject to disclosure to persons outside the department except as agreed to
 8 by the carrier or as ordered by a court of competent jurisdiction.

9 (12) A carrier may not provide any financial or other incentive to any insurance producer that
 10 would encourage the insurance producer to sell health benefit plans of the carrier to small employer
 11 groups based on a small employer group's anticipated claims experience.

12 (13) For purposes of this section, the date a small employer health benefit plan is continued is
 13 the anniversary date of the first issuance of the health benefit plan.

14 (14) A carrier shall include a provision that offers coverage to all eligible employees of a small
 15 employer and to all dependents of the eligible employees to the extent the employer chooses to offer
 16 coverage to dependents.

17 (15) All small employer health benefit plans must contain special enrollment periods during
 18 which eligible employees and dependents may enroll for coverage, as provided by federal law and
 19 rules adopted by the department.

20 (16) A small employer health benefit plan may not impose annual or lifetime limits on the dollar
 21 amount of essential health benefits.

22 **(17) A carrier that offers a small employer health benefit plan that reimburses the costs**
 23 **of prescription drugs sold by a retail pharmacy or administered by a health care provider**
 24 **may not, during a plan year:**

25 **(a) Remove a prescription drug from a prescription drug formulary, except in response**
 26 **to an alert issued by the United States Food and Drug Administration;**

27 **(b) Increase the deductible, copayment, coinsurance or other cost sharing applicable to**
 28 **a prescription drug unless an A-rated generic for the prescription drug is added to a**
 29 **formulary before the increase becomes effective; or**

30 **(c) Impose new utilization controls on a prescription drug, including but not limited to**
 31 **prior authorization or step therapy.**

32 **(18) Subsection (17) of this section does not prohibit a carrier, during a plan year, from:**

33 **(a) Adding to a prescription drug formulary a prescription drug newly approved by the**
 34 **United States Food and Drug Administration;**

35 **(b) Reducing a deductible, copayment, coinsurance or other cost sharing applicable to a**
 36 **prescription drug; or**

37 **(c) Eliminating one or more utilization controls applicable to a prescription drug.**

38 **SECTION 2.** ORS 743B.105 is amended to read:

39 743B.105. The following requirements apply to all group health benefit plans other than small
 40 employer health benefit plans covering two or more certificate holders:

41 (1) A carrier offering a group health benefit plan may not decline to offer coverage to any eli-
 42 gible prospective enrollee and may not impose different terms or conditions on the coverage, pre-
 43 miums or contributions of any enrollee in the group that are based on the actual or expected health
 44 status of the enrollee.

45 (2) A group health benefit plan may not apply a preexisting condition exclusion to any enrollee

1 but may impose:

2 (a) An affiliation period that does not exceed two months for an enrollee or three months for a
3 late enrollee; or

4 (b) A group eligibility waiting period for late enrollees that does not exceed 90 days.

5 (3) Each group health benefit plan shall contain a special enrollment period during which eligi-
6 ble employees and dependents may enroll for coverage, as provided by federal law and rules adopted
7 by the Department of Consumer and Business Services.

8 (4)(a) A carrier shall issue to a group any of the carrier's group health benefit plans offered by
9 the carrier for which the group is eligible, if the group applies for the plan, agrees to make the re-
10 quired premium payments and agrees to satisfy the other requirements of the plan.

11 (b) The department may waive the requirements of this subsection if the department finds that
12 issuing a plan to a group or groups would endanger the carrier's ability to fulfill the carrier's con-
13 tractual obligations or result in financial impairment of the carrier.

14 (5) Each group health benefit plan shall be renewable with respect to all eligible enrollees at
15 the option of the policyholder unless:

16 (a) The policyholder fails to pay the required premiums.

17 (b) The policyholder or, with respect to coverage of individual enrollees, an enrollee or a rep-
18 resentative of an enrollee engages in fraud or makes an intentional misrepresentation of a material
19 fact as prohibited by the terms of the plan.

20 (c) The number of enrollees covered under the plan is less than the number or percentage of
21 enrollees required by participation requirements under the plan.

22 (d) The policyholder fails to comply with the contribution requirements under the plan.

23 (e) The carrier discontinues both offering and renewing, all of the carrier's group health benefit
24 plans in this state or in a specified service area within this state. In order to discontinue plans un-
25 der this paragraph, the carrier:

26 (A) Must give notice of the decision to the department and to all policyholders covered by the
27 plans;

28 (B) May not cancel coverage under the plans for 180 days after the date of the notice required
29 under subparagraph (A) of this paragraph if coverage is discontinued in the entire state or in a
30 specified service area, except that:

31 (i) The carrier shall cancel coverage in accordance with subparagraph (C) of this paragraph if
32 the cancellation is for a specified service area in the circumstances described in subparagraph (C)
33 of this paragraph; and

34 (ii) The Director of the Department of Consumer and Business Services may specify a cancella-
35 tion date other than the cancellation date specified in this subparagraph if the carrier is subject to
36 a delinquency proceeding, as defined in ORS 734.014; and

37 (C) May not cancel coverage under the plans for 90 days after the date of the notice required
38 under subparagraph (A) of this paragraph if coverage is discontinued in a specified service area
39 because of an inability to reach an agreement with the health care providers or organization of
40 health care providers to provide services under the plans within the service area.

41 (f) The carrier discontinues both offering and renewing a group health benefit plan in a specified
42 service area within this state because of an inability to reach an agreement with the health care
43 providers or organization of health care providers to provide services under the plan within the
44 service area. In order to discontinue a plan under this paragraph, the carrier:

45 (A) Must give notice of the decision to the department and to all policyholders covered by the

1 plan;

2 (B) May not cancel coverage under the plan for 90 days after the date of the notice required
3 under subparagraph (A) of this paragraph; and

4 (C) Must offer in writing to each policyholder covered by the plan, all other group health benefit
5 plans that the carrier offers in the specified service area. The carrier shall offer the plans at least
6 90 days prior to discontinuation.

7 (g) The carrier discontinues both offering and renewing a group health benefit plan, other than
8 a grandfathered health plan, for all groups in this state or in a specified service area within this
9 state, other than a plan discontinued under paragraph (f) of this subsection.

10 (h) The carrier discontinues both offering and renewing a grandfathered health plan for all
11 groups in this state or in a specified service area within this state, other than a plan discontinued
12 under paragraph (f) of this subsection.

13 (i) With respect to plans that are being discontinued under paragraph (g) or (h) of this sub-
14 section, the carrier must:

15 (A) Offer in writing to each policyholder covered by the plan, one or more health benefit plans
16 that the carrier offers to groups in the specified service area.

17 (B) Offer the plans at least 90 days prior to discontinuation.

18 (C) Act uniformly without regard to the claims experience of the affected policyholders or the
19 health status of any current or prospective enrollee.

20 (j) The director orders the carrier to discontinue coverage in accordance with procedures spec-
21 ified or approved by the director upon finding that the continuation of the coverage would:

22 (A) Not be in the best interests of the enrollees; or

23 (B) Impair the carrier's ability to meet contractual obligations.

24 (k) In the case of a group health benefit plan that delivers covered services through a specified
25 network of health care providers, there is no longer any enrollee who lives, resides or works in the
26 service area of the provider network.

27 (L) In the case of a health benefit plan that is offered in the group market only to one or more
28 bona fide associations, the membership of an employer in the association ceases and the termination
29 of coverage is not related to the health status of any enrollee.

30 (6) A carrier may modify a group health benefit plan at the time of coverage renewal. The
31 modification is not a discontinuation of the plan under subsection (5)(e), (g) and (h) of this section.

32 (7) Notwithstanding any provision of subsection (5) of this section to the contrary, a carrier may
33 not rescind the coverage of an enrollee under a group health benefit plan unless:

34 (a) The enrollee:

35 (A) Performs an act, practice or omission that constitutes fraud; or

36 (B) Makes an intentional misrepresentation of a material fact as prohibited by the terms of the
37 plan;

38 (b) The carrier provides at least 30 days' advance written notice, in the form and manner pre-
39 scribed by the department, to the enrollee; and

40 (c) The carrier provides notice of the rescission to the department in the form, manner and time
41 frame prescribed by the department by rule.

42 (8) Notwithstanding any provision of subsection (5) of this section to the contrary, a carrier may
43 not rescind a group health benefit plan unless:

44 (a) The plan sponsor or a representative of the plan sponsor:

45 (A) Performs an act, practice or omission that constitutes fraud; or

1 (B) Makes an intentional misrepresentation of a material fact as prohibited by the terms of the
 2 plan;

3 (b) The carrier provides at least 30 days' advance written notice, in the form and manner pre-
 4 scribed by the department, to each plan enrollee who would be affected by the rescission of cover-
 5 age; and

6 (c) The carrier provides notice of the rescission to the department in the form, manner and time
 7 frame prescribed by the department by rule.

8 (9) A group health benefit plan may not impose annual or lifetime limits on the dollar amount
 9 of essential health benefits.

10 **(10) A carrier that offers a group health benefit plan that reimburses the costs of pre-**
 11 **scription drugs sold by a retail pharmacy or administered by a health care provider may not,**
 12 **during a plan year:**

13 **(a) Remove a prescription drug from a prescription drug formulary, except in response**
 14 **to an alert issued by the United States Food and Drug Administration;**

15 **(b) Increase the deductible, copayment, coinsurance or other cost sharing applicable to**
 16 **a prescription drug unless an A-rated generic for the prescription drug is added to a**
 17 **formulary before the increase becomes effective; or**

18 **(c) Impose new utilization controls on a prescription drug, including but not limited to**
 19 **prior authorization or step therapy.**

20 (11) Subsection (10) of this section does not prohibit a carrier, during a plan year, from:

21 **(a) Adding to a prescription drug formulary a prescription drug newly approved by the**
 22 **United States Food and Drug Administration;**

23 **(b) Reducing a deductible, copayment, coinsurance or other cost sharing applicable to a**
 24 **prescription drug; or**

25 **(c) Eliminating one or more utilization controls applicable to a prescription drug.**

26 **SECTION 3.** ORS 743B.125 is amended to read:

27 743B.125. (1) With respect to coverage under an individual health benefit plan, a carrier may
 28 not impose an individual coverage waiting period.

29 (2) With respect to individual coverage under a grandfathered health plan, a carrier:

30 (a) May impose an exclusion period for specified covered services applicable to all individuals
 31 enrolling for the first time in the individual health benefit plan.

32 (b) May not impose a preexisting condition exclusion unless the exclusion complies with the
 33 following requirements:

34 (A) The exclusion applies only to a condition for which medical advice, diagnosis, care or
 35 treatment was recommended or received during the six-month period immediately preceding the
 36 individual's effective date of coverage.

37 (B) The exclusion expires no later than six months after the individual's effective date of cov-
 38 erage.

39 (3) An individual health benefit plan other than a grandfathered health plan must cover, at a
 40 minimum, all essential health benefits.

41 (4) A carrier shall renew an individual health benefit plan, including a health benefit plan issued
 42 through a bona fide association, unless:

43 (a) The policyholder fails to pay the required premiums.

44 (b) The policyholder or a representative of the policyholder engages in fraud or makes an in-
 45 tentional misrepresentation of a material fact as prohibited by the terms of the policy.

1 (c) The carrier discontinues both offering and renewing all of the carrier's individual health
2 benefit plans in this state or in a specified service area within this state. In order to discontinue the
3 plans under this paragraph, the carrier:

4 (A) Shall give notice of the decision to the Department of Consumer and Business Services and
5 to all policyholders covered by the plans;

6 (B) May not cancel coverage under the plans for 180 days after the date of the notice required
7 under subparagraph (A) of this paragraph if coverage is discontinued in the entire state or in a
8 specified service area, except that:

9 (i) The carrier shall cancel coverage in accordance with subparagraph (C) of this paragraph if
10 the cancellation is for a specified service area in the circumstances described in subparagraph (C)
11 of this paragraph; and

12 (ii) The Director of the Department of Consumer and Business Services may specify a cancella-
13 tion date other than the cancellation date specified in this subparagraph if the carrier is subject to
14 a delinquency proceeding, as defined in ORS 734.014; and

15 (C) May not cancel coverage under the plans for 90 days after the date of the notice required
16 under subparagraph (A) of this paragraph if coverage is discontinued in a specified service area
17 because of an inability to reach an agreement with the health care providers or organization of
18 health care providers to provide services under the plans within the service area.

19 (d) The carrier discontinues both offering and renewing an individual health benefit plan in a
20 specified service area within this state because of an inability to reach an agreement with the health
21 care providers or organization of health care providers to provide services under the plan within the
22 service area. In order to discontinue a plan under this paragraph, the carrier:

23 (A) Shall give notice of the decision to the department and to all policyholders covered by the
24 plan;

25 (B) May not cancel coverage under the plan for 90 days after the date of the notice required
26 under subparagraph (A) of this paragraph; and

27 (C) Shall offer in writing to each policyholder covered by the plan, all other individual health
28 benefit plans that the carrier offers in the specified service area. The carrier shall offer the plans
29 at least 90 days prior to discontinuation.

30 (e) The carrier discontinues both offering and renewing an individual health benefit plan, other
31 than a grandfathered health plan, for all individuals in this state or in a specified service area
32 within this state, other than a plan discontinued under paragraph (d) of this subsection.

33 (f) The carrier discontinues both offering and renewing a grandfathered health plan for all in-
34 dividuals in this state or in a specified service area within this state, other than a plan discontinued
35 under paragraph (d) of this subsection.

36 (g) With respect to plans that are being discontinued under paragraph (e) or (f) of this sub-
37 section, the carrier shall:

38 (A) Offer in writing to each policyholder covered by the plan, all health benefit plans that the
39 carrier offers to individuals in the specified service area.

40 (B) Offer the plans at least 90 days prior to discontinuation.

41 (C) Act uniformly without regard to the claims experience of the affected policyholders or the
42 health status of any current or prospective enrollee.

43 (h) The Director of the Department of Consumer and Business Services orders the carrier to
44 discontinue coverage in accordance with procedures specified or approved by the director upon
45 finding that the continuation of the coverage would:

1 (A) Not be in the best interests of the enrollee; or

2 (B) Impair the carrier's ability to meet the carrier's contractual obligations.

3 (i) In the case of an individual health benefit plan that delivers covered services through a
4 specified network of health care providers, the enrollee no longer lives, resides or works in the
5 service area of the provider network and the termination of coverage is not related to the health
6 status of any enrollee.

7 (j) In the case of a health benefit plan that is offered in the individual market only through one
8 or more bona fide associations, the membership of an individual in the association ceases and the
9 termination of coverage is not related to the health status of any enrollee.

10 (5) A carrier may modify an individual health benefit plan at the time of coverage renewal. The
11 modification is not a discontinuation of the plan under subsection (4)(c), (e) and (f) of this section.

12 (6) Notwithstanding any other provision of this section, and subject to the provisions of ORS
13 743B.310 (2) and (4), a carrier may rescind an individual health benefit plan if the policyholder or
14 a representative of the policyholder:

15 (a) Performs an act, practice or omission that constitutes fraud; or

16 (b) Makes an intentional misrepresentation of a material fact as prohibited by the terms of the
17 policy.

18 (7) A carrier that continues to offer coverage in the individual market in this state is not re-
19 quired to offer coverage in all of the carrier's individual health benefit plans. However, if a carrier
20 elects to continue a plan that is closed to new individual policyholders instead of offering alterna-
21 tive coverage in the carrier's other individual health benefit plans, the coverage for all existing
22 policyholders in the closed plan is renewable in accordance with subsection (4) of this section.

23 (8) An individual health benefit plan may not impose annual or lifetime limits on the dollar
24 amount of essential health benefits.

25 (9) A grandfathered health plan may not impose lifetime limits on the dollar amount of essential
26 health benefits.

27 (10) This section does not require a carrier to actively market, offer, issue or accept applications
28 for:

29 (a) A bona fide association health benefit plan from individuals who are not members of the bona
30 fide association; or

31 (b) A grandfathered health plan from individuals who are not eligible for coverage under the
32 plan.

33 **(11) A carrier that offers an individual health benefit plan that reimburses the costs of**
34 **prescription drugs sold by a retail pharmacy or administered by a health care provider may**
35 **not, during a plan year:**

36 **(a) Remove a prescription drug from a prescription drug formulary, except in response**
37 **to an alert issued by the United States Food and Drug Administration;**

38 **(b) Increase the deductible, copayment, coinsurance or other cost sharing applicable to**
39 **a prescription drug unless an A-rated generic for the prescription drug is added to a**
40 **formulary before the increase becomes effective; or**

41 **(c) Impose new utilization controls on a prescription drug, including but not limited to**
42 **prior authorization or step therapy.**

43 **(12) Subsection (11) of this section does not prohibit a carrier, during a plan year, from:**

44 **(a) Adding to a prescription drug formulary a prescription drug newly approved by the**
45 **United States Food and Drug Administration;**

1 **(b) Reducing a deductible, copayment, coinsurance or other cost sharing applicable to a**
2 **prescription drug; or**

3 **(c) Eliminating one or more utilization controls applicable to a prescription drug.**

4
