

Senate Bill 917

Sponsored by COMMITTEE ON HEALTH CARE (at the request of Aflac)

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**.

Excludes disability income insurance from definition of health insurance in Insurance Code.
Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to disability income insurance; amending ORS 731.162, 741.300, 743.013, 743.685 and
3 743A.164; and declaring an emergency.

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

5 **SECTION 1.** ORS 731.162 is amended to read:

6 731.162. "Health insurance" means insurance of humans against bodily injury, disablement or
7 death by accident or accidental means, or the expense thereof, or against disablement or expense
8 resulting from sickness or childbirth, or against expense incurred in prevention of sickness, in dental
9 care or optometrical service, and every insurance appertaining thereto, including insurance against
10 the risk of economic loss assumed under a less than fully insured employee health benefit plan.
11 "Health insurance" does not include workers' compensation [*coverages*] **benefits or disability in-**
12 **come insurance.**

13 **SECTION 2.** ORS 741.300 is amended to read:

14 741.300. As used in ORS 741.001 to 741.540:

15 (1) "Essential health benefits" has the meaning given that term in ORS 731.097.

16 (2) "Health care service contractor" has the meaning given that term in ORS 750.005.

17 (3) "Health insurance" has the meaning given that term in ORS 731.162[, *excluding disability*
18 *income insurance*].

19 (4) "Health insurance exchange" or "exchange" means an American Health Benefit Exchange
20 as described in 42 U.S.C. 18031, 18032, 18033 and 18041 that is operated by the Oregon Health In-
21 surance Exchange Corporation.

22 (5) "Health plan" means health insurance or health care coverage offered by an insurer.

23 (6) "Insurer" means an insurer as defined in ORS 731.106 that offers health insurance, a health
24 care service contractor or a prepaid managed care health services organization.

25 (7) "Insurance producer" has the meaning given that term in ORS 731.104.

26 (8) "Prepaid managed care health services organization" has the meaning given that term in
27 ORS 414.736.

28 (9) "State program" means a program providing medical assistance, as defined in ORS 414.025,
29 and any health plan offered through the Public Employees' Benefit Board or the Oregon Educators
30 Benefit Board.

31 **SECTION 3.** ORS 743.013 is amended to read:

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.

1 743.013. (1) The Director of the Department of Consumer and Business Services shall adopt by
2 rule requirements for disclosure by group and individual health insurers to individual and group
3 health insurance policyholders the difference between coverage under the existing policy and cov-
4 erage being offered to replace that coverage.

5 [(2) *The provisions of this section do not apply to disability income insurance.*]

6 [(3)] (2) The director shall adopt by rule requirements for nonduplication and replacement of
7 major medical, Medicare supplement, long term care and special illness policies for applicants 65
8 years of age and older. The insurance producer shall offer to compare for any applicants 65 years
9 of age and older the applicant's existing policy or policies and coverage being offered to replace or
10 supplement the applicant's existing coverage.

11 **SECTION 4.** ORS 743.685 is amended to read:

12 743.685. (1) In order to provide for full and fair disclosure in the sale of Medicare supplement
13 policies, no Medicare supplement policy or certificate shall be delivered in this state unless an
14 outline of coverage is delivered to the applicant at the time application is made.

15 (2) The Director of the Department of Consumer and Business Services shall prescribe the for-
16 mat and content of the outline of coverage required by subsection (1) of this section. The director
17 shall consult with the Governor's Commission on Senior Services concerning the content and format
18 of the outline of coverage, especially in reference to the ease with which senior citizens may un-
19 derstand the form and compare the coverage provided under the policy to which the outline of
20 coverage refers. For purposes of this section, "format" means style, arrangements and overall ap-
21 pearance, including such items as the size, color and prominence of type and arrangement of text
22 and captions. The outline of coverage required by subsection (1) of this section shall include at least
23 the following:

24 (a) A description of the principal benefits and coverage provided in the policy;

25 (b) A statement of the renewal provisions, including any reservation by the insurer of a right
26 to change premiums and disclosure of the existence of any automatic renewal premium increases
27 based on the policyholder's age; and

28 (c) A statement that the outline of coverage is a summary of the policy issued or applied for and
29 that the policy should be consulted to determine governing contractual provisions.

30 (3) Insurers shall fill out the standardized form and have the completed information included on
31 the form approved by the director before selling supplemental Medicare coverage in this state.

32 (4) In the purchase or renewal of a Medicare supplement policy, a copy of the outline of cover-
33 age must be used in explaining policy coverage to a purchaser and shall be provided to the applicant
34 at the time the sales presentation is made. The completed outline of coverage shall be considered
35 part of the sales presentation materials for the purposes of ORS 742.009.

36 (5) The insurer shall obtain acknowledgment of receipt or certify delivery of the outline of
37 coverage at the time of sale.

38 (6) The director may adopt by rule a standard form and the contents of an informational bro-
39 chure for persons eligible for Medicare, which is intended to improve the buyer's ability to select
40 the most appropriate coverage and improve the buyer's understanding of Medicare. Except in the
41 case of direct response insurance policies, the director may require by rule that the information
42 brochure be provided to any prospective insureds eligible for Medicare concurrently with delivery
43 of the outline of coverage. With respect to direct response insurance policies, the director may re-
44 quire by rule that the prescribed brochure be provided upon request to any prospective insureds
45 eligible for Medicare, but in no event later than the time of policy delivery.

1 (7) The director may adopt by rule captions or notice requirements, determined to be in the
2 public interest and designed to inform prospective insureds that particular insurance coverages are
3 not Medicare supplement coverages, for all health insurance policies sold to persons eligible for
4 Medicare, other than[:]

5 [(a)] Medicare supplement policies[; or]

6 [(b) *Disability income policies*].

7 (8) The director may adopt rules governing the full and fair disclosure of the information in
8 connection with the replacement of health insurance policies, subscriber contracts or certificates
9 by persons eligible for Medicare.

10 **SECTION 5.** ORS 743A.164 is amended to read:

11 743A.164. A health insurance policy [*other than a disability income policy*] shall provide coverage
12 or reimbursement of expenses for the medical treatment of injuries or illnesses caused in whole or
13 in part by the insured's use of alcohol or a controlled substance to the same extent as and subject
14 to limitations no more restrictive than those imposed on coverage or reimbursement of expenses
15 arising from treatment of injuries or illnesses not caused by an insured's use of alcohol or a con-
16 trolled substance.

17 **SECTION 6. This 2015 Act being necessary for the immediate preservation of the public**
18 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
19 **on its passage.**

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