

House Bill 4110

Sponsored by Representative HOLVEY, Senator MANNING JR; Representatives EVANS, HELT, HERNANDEZ, KENY-GUYER, LIVELY, MEEK, MITCHELL, NERON, NOSSE, PILUSO, PRUSAK, SALINAS, SCHOUTEN, SMITH WARNER, WILDE, WILLIAMS, WITT, ZIKA, Senators DEMBROW, FREDERICK, PROZANSKI (Pre-session 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**.

Prescribes grace periods for payment of premiums on certain types of health insurance.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to health insurance; creating new provisions; amending ORS 743.417 and 743B.323; and
3 prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2020 Act is added to and made a part of the Insurance Code.**

6 **SECTION 2. (1) As used in this section, "individual health benefit plan" has the meaning**
7 **given that term in ORS 743B.005.**

8 **(2) An insurer offering an individual health benefit plan may establish a due date for**
9 **payment of the first premium to enroll in coverage under the plan no earlier than 15 days**
10 **after the date that the coverage begins or 15 days after the insurer sends the initial invoice**
11 **to the insured, whichever is later.**

12 **SECTION 3. ORS 743.417 is amended to read:**

13 **743.417. (1) As used in this section:**

14 **(a) "Individual health benefit plan" has the meaning given that term in ORS 743B.005.**

15 **(b) "Qualified health plan" has the meaning given that term in ORS 741.300.**

16 **(2) [(1) An individual health insurance policy] A policy of health insurance issued to an in-**
17 **dividual residing in this state shall specify a minimum grace period [of at least 10 days after] fol-**
18 **lowing the premium due date for the payment of each premium falling due after the first premium,**
19 **during which grace period the policy shall continue in force. The grace period may be no less**
20 **than:**

21 **(a) Except as provided in paragraphs (b) and (c) of this subsection, 10 days.**

22 **(b) Three consecutive months for a qualified health plan issued to an individual who re-**
23 **ceives advance payments of premium tax credits.**

24 **(c) Thirty days for an individual health benefit plan other than a qualified health plan**
25 **described in paragraph (b) of this subsection.**

26 **[(2)] (3) A policy that contains a cancellation provision may add the following clause, or an**
27 **equivalent clause approved by the Department of Consumer and Business Services, at the end**
28 **of the provision described in subsection [(1)] (2) of this section: "subject to the right of the insurer**
29 **to cancel in accordance with the cancellation provision hereof."**

30 **[(3)] (4) A policy in which the insurer reserves the right to refuse renewal shall have the fol-**

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 lowing clause, **or an equivalent clause approved by the department**, at the beginning of the
 2 provision described in subsection [(1)] (2) of this section: “Unless not less than 30 days prior to the
 3 premium due date the insurer has delivered to the insured or has mailed to the last address of the
 4 insured as shown by the records of the insurer written notice of its intention not to renew this
 5 policy beyond the period for which the premium has been accepted. The insurer shall state in the
 6 notice the reason for its refusal to renew this policy.”

7 **(5) Subsections (3) and (4) of this section may not be construed to permit the cancellation**
 8 **of or refusal to renew a policy if a cancellation or refusal to renew is otherwise prohibited**
 9 **by the Insurance Code or rules adopted by the department to carry out the provisions of the**
 10 **Insurance Code.**

11 **SECTION 4.** ORS 743B.323 is amended to read:

12 743B.323. (1) **As used in this section, “health benefit plan” has the meaning given that**
 13 **term in ORS 743B.005.**

14 (2) Before a health insurer selling an individual policy or group health benefit plan[, *as defined*
 15 *in ORS 743B.005,*] may cancel a policy for nonpayment of premium, the insurer must mail a separate
 16 notice to the policyholder [*at least 10 days prior to the end of the grace period*] informing the
 17 policyholder that the premium was not received and that the policy will be terminated as of the
 18 premium due date if the premium is not received by the end of the applicable grace period required
 19 by ORS 743.417 [*and*] **or 743B.320.**

20 (3) The notice **described in subsection (2) of this section** shall be in writing and mailed by
 21 first class mail to the last-known address of the policyholder **at least:**

22 (a) **Ten days prior to the end of the grace period specified in ORS 743.417 (2)(a) and (b)**
 23 **and 743B.320; or**

24 (b) **Fifteen days prior to the end of the grace period specified in ORS 743.417 (2)(c).**

25 **SECTION 5.** Section 2 of this 2020 Act and the amendments to ORS 743.417 and 743B.323
 26 by sections 3 and 4 of this 2020 Act apply to individual health benefit plan policies issued,
 27 renewed or extended on or after January 1, 2021.

28 **SECTION 6.** This 2020 Act takes effect on the 91st day after the date on which the 2020
 29 regular session of the Eightieth Legislative Assembly adjourns sine die.