

**Mary Jo Hudson Appointed Ohio's
Superintendent of Insurance**

**Senate Bill 5 Opens Up Small Employer Health Care Alliances To More Employers
And Creates A Regulatory Scheme For Discount Medical Plans**

**Insurance Regulation
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Mary Jo Hudson

Ohio Governor Ted Strickland has named former Columbus City Council woman and former Deputy Insurance Company Liquidator Mary Jo Hudson as Ohio's new Superintendent of Insurance.

Senate Bill 5

Small Employer Health Care Alliances:

Senate Bill 5, which becomes effective on March 23, 2007, allows employers with 500 full-time employees or less to participate and obtain their insurance coverage through Small Employer Health Care Alliances. Prior to the passage of Senate Bill 5, the only employers eligible to participate in Small Employer Health Care Alliances were those with 150 or fewer full time employees. This increase in the number of employees will allow more employers to be eligible to obtain health insurance through a Small Employer Health Care Alliance.

Senate Bill 5 also raised the minimum number of hours per week that an employee must work to be eligible for mandatory coverage by an employer. Prior to the passage of Senate Bill 5, the law required an employer that insured its employees through a Small Employer Health

Care Alliance to cover any employee that worked 17½ or more hours per week. Senate Bill 5 has increased the minimum hour requirement to 25 or more hours per week. The Bill also lowered the minimum number of participants needed for a Small Employer Health Care Alliance to be considered a Qualified Alliance. This reduction permits more alliances to qualify as a Qualified Alliance and be eligible for the premium tax break.

New Regulation of Discount Medical Plans

Senate Bill 5 also established a regulatory scheme for Discount Medical Plans that will be enforced by the Ohio Department of Insurance.

A Discount Medical Plan is defined as a business arrangement or contract in which a person, in exchange for fees, dues, charges or other consideration offers access to providers who will offer discounted medical services. The Discount Medical Plan will be required to have contracts in place with all of its providers that will be subject to specific statutory requirements. Discount Medical Plans also will be required to have contracts in place with anyone that

markets its products. The new regulatory scheme also prohibits a Discount Medical Plan from using terms such as insurance, health plan, coverage, or benefits.

Additional Selected Legislation and Regulations.

- Senate Bill 116: Amends several health insurance laws to prohibit the discrimination of and provide coverage for the diagnosis, care, and treatment of biologically based mental illnesses.
- Senate Bill 279: Requires that all claims filed with the Ohio Insurance Guaranty Association arising out of bodily injury or death to any one person shall constitute a single claim for purposes of claims exceeding \$300,000. The definition of "covered claim" now excludes claims under policies issued to an insured whose net worth exceeds \$50 million.
- Administrative Code Section 3901-5-09: A business entity title agent must notify the Department of Insurance of any change in the ownership of any entity holding an ownership interest in the business entity title agent. (Changes applicable to both resident and non-resident business entity licenses.)
- Administrative Code Section 3901-6-12: Provides authorized companies an alternative to section 3901-6-11 by recognizing, permitting, and prescribing the use of mortality tables that reflect differences in mortality between preferred and standard lives.
- Administrative Code Section 3901-6-13: Sets forth standards and procedures regarding the suitability of recommendations to consumers that result in the sale of annuity products.
- Administrative Code Section 3901-6-14: Provides minimum disclosure requirements in connection with the sale of an annuity.
- Administrative Code Section 3901-7-01: Establishes the criteria for an annual independent review of a title agent's escrow, settlement, closing, and security deposit bank account.
- Administrative Code Section 3901-7-03: Establishes the notice to be provided to mortgagors by title insurance agents.
- Administrative Code Section 3901-7-04: Establishes ownership and licensing standards for title insurance agents and agencies in accordance with Section 3953.21 (B) of the Ohio Revised Code.

If you would like additional information on this legislation or assistance with other issues related to health insuring corporations or insurance company regulation, contact a member of the Vorys, Sater, Seymour and Pease LLP Insurance Regulation Group.

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