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News Release

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Insurance Commissioner Kim Holland Files Court Action to Stop Collection of New Tax

*Holland seeks judgment from Okla. Supreme Court to rule new tax
unconstitutional*

OKLAHOMA CITY – Oklahoma Insurance Commissioner Kim Holland today filed a petition with the Oklahoma Supreme Court to block the collection of a new tax on health plans mandated by the legislature. Holland's petition questions whether the new law - HB 2437 - is constitutional.

"As an officer of the state, I have a sworn duty to support and uphold our state's Constitution. After thoroughly reviewing the new law with the department's general counsel, I believe it violates that trust," said Holland.

HB 2437 creates a "Health Carrier Access Payment Revolving Fund" and compels the Insurance Commissioner to collect a new 1 percent tax on paid claims of all individual and employment-based health plans. The statute requires that the new revenue generated be transferred to the Oklahoma Health Care Authority (OHCA) to fund the state's Medicaid program. Currently, the state's Medicaid program is funded from the general revenue fund and matched by federal dollars based on a federally determined formula.

Holland's petition seeks guidance from the court on several matters. The state Constitution requires that any new revenue measure pass by a 3/4 majority of the legislature or be submitted to a vote of the people. HB 2437 passed by 59-33 in the House and 29-13 in the Senate, falling well short of the required supermajority. Additionally, the petition questions whether the state's prohibition against passing a revenue bill within the last five days of session was violated.

Holland said the tax could result in higher health insurance premiums, as health plans are likely to pass the cost on to Oklahoma consumers.

Holland questions the state's authority to tax self-insured plans – where businesses pay the costs for health care for their employers rather than buying coverage from an insurance company – which are governed by federal law. Currently, nearly 60 percent of Oklahomans are insured by these types of plans.

She also expressed concerns about the accountability and transparency of the legislation.

“Helping those in need, even during difficult financial times, is an Oklahoma value,” she said. “However, so is upholding our Constitution. While I understand the legislature’s intentions, the Insurance Department believes this law is flawed.”

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ABOUT THE OKLAHOMA INSURANCE DEPARTMENT

The Oklahoma Insurance Department, an agency of the State of Oklahoma, is responsible for the education and protection of the insurance-buying public and for oversight of the insurance industry in the state.