

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 5 - 0 - 0

Yeas: Atkinson, Beyer, Burdick, Ferrioli, Rosenbaum

Nays: 0

Exc.: 0

Prepared By: Erin Seiler, Administrator

Meeting Dates: 5/12

WHAT THE MEASURE DOES: Imposes requirements for contracts between contracting entities and third parties for access to health care services of providers. Exempts independent practice association and self-funded, employer-sponsored health plan regulated under Employee Retirement Income Security Act of 1974 (ERISA) from definition of contracting entity. Exempts Medicare and Medicaid plans. Exempts entities offering health care services under same brand pursuant to brand licensing agreement with same licenser and self-funded, employer-sponsored health plan regulated under ERISA from definition of third party. Exempts entities under common ownership and control of contracting entity from filing certificate of authority with Department of Consumer and Business Services as a contracting entity. Imposes requirements on third party contracts to obtain access to provider services and discounted rates under provider network contracts. Requires third parties to comply with terms of contract between providers and contracting entities. Requires contracting entities and third parties with access to provider network contracts to maintain websites containing a list of third parties with access to the provider's services and discounted rates. Applies to contracts entered into or renewed after January 1, 2012. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Operation of preferred provider option (PPO) networks
- Secondary market in physician reimbursement rate "silent PPO's"
- Amount of discounts and reimbursement by silent PPO's
- Scope of compliance
- Ability of silent PPO to obtain physician provide information
- Exemption for independent practice association, self-funded, employer-sponsored health plan regulated under ERISA, and Medicare and Medicaid plans.

EFFECT OF COMMITTEE AMENDMENT: Exempts independent practice association and self-funded, employer-sponsored health plan regulated under ERISA from definition of contracting entity. Exempts Medicare and Medicaid plans. Exempts entities offering health care services under same brand pursuant to brand licensing agreement with same licenser and self-funded, employer-sponsored health plan regulated under ERISA from definition of third party. Exempts entities under common ownership and control of contracting entity from filing certificate if authority with Department of Consumer and Business Services as a contracting entity. Applies to contracts entered into or renewed after January 1, 2012.

BACKGROUND: Senate Bill 634-A specifies that a contracting entity or third party may not contract with another third party to provide access to health care services and discounted rates of a provider unless the contract is specifically authorized by the provider network contract and the third party contract obligates the third party to comply with all applicable terms of the provider network contract. The contracting entity is in turn responsible for: providing a list of all third parties known to which the contracting entity has provided, or will provide, access to services and discounted rates under the provider network contract; maintaining a website or other mechanism through which a provider may obtain such a list; provide third parties with information necessary to comply with the provider network contract; require third parties to identify the source of contractual discount in rates taken under the provider network contract; and notify third parties of termination of the provider network contract.

5/17/2011 4:25:00 PM

This summary has not been adopted or officially endorsed by action of the committee.