Senate Bill 329

Sponsored by Senator BATES (Presession 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.**

Requires insurers to pay indemnities under health insurance policy directly to providers of health services.

A BILL FOR AN ACT

Relating to payments by insurers to providers; creating new provisions; amending ORS 743.435, 743.531, 743.550, 743A.014, 743A.024 and 743A.048; and repealing ORS 743.543.

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

SECTION 1. Section 2 of this 2011 Act is added to and made a part of the Insurance Code.

SECTION 2. An insurer shall pay indemnities for the cost of hospital, nursing, medical or surgical services pursuant to a health insurance policy to the provider of the services. The amount of any payment may not exceed the amount of the benefit provided by the policy with respect to the service and may not exceed the charge billed by the provider.

SECTION 3. ORS 743.435 is amended to read:

743.435. (1) A health insurance policy shall contain a provision as follows: "PAYMENT OF CLAIMS: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured."

(2) The following provisions, or either of them, may be included with the provision set forth in subsection (1) of this section at the option of the insurer:

(a) "If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding $_____ (insert an amount which shall not exceed $1,000), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of such payment."

(b) "[*Subject to any written direction of the insured in the application or otherwise all or a portion of*] Any indemnities provided by this policy on account of hospital, nursing, medical or surgical services [*may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss,*] **will** be paid directly to the hospital or person rendering such services; but it is not required that the service be rendered by a particular hospital or person."

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.

SECTION 4. ORS 743.531 is amended to read:

743.531. [*(1) A group health insurance policy may on request by the group policyholder provide that all or any portion of any indemnities provided by such policy on account of hospital, nursing, medical or surgical services may, at the insurer's option, be paid directly to the hospital or person rendering such services. However, the amount of any such payment shall not exceed the amount of benefit provided by the policy with respect to the service or billing of the provider of aid. The amount of such payments pursuant to one or more assignments shall not exceed the amount of expenses incurred on account of such hospitalization or medical or surgical aid.*]

[*(2) Nothing in this section is intended to authorize an insurer to:*]

[*(a) Furnish or provide directly services of hospitals or physicians and surgeons; or*]

[*(b) Direct, participate in or control the selection of the specific hospital or physician and surgeon from whom the insured secures services or who exercises medical or dental professional judgment.*]

[*(3)*] **(1)** [*Nothing in subsection (2) of this section prevents an insurer from negotiating and entering*] **An insurer may negotiate and enter** into contracts for alternative rates of payment with providers **to provide services covered by a group health insurance policy** and [*offering*] **may offer** the benefit of such alternative rates to insureds who select such providers. An insurer may utilize such contracts by offering a choice of plans at the time an insured enrolls, one of which provides benefits only for services by members of a particular provider organization with whom the insurer has an agreement. If an insured chooses such a plan, benefits are payable only for services rendered by a member of that provider organization, unless such services were requested by a member of such organization or are rendered as the result of an emergency.

[*(4)*] **(2)** [*Payment so made*] **Benefits paid by an insurer to a provider under subsection (1) of this section** shall discharge the insurer's obligation with respect to the amount of insurance so paid.

[*(5)*] **(3)** Insurers shall provide group policyholders with a current roster of institutional and professional providers under contract to provide services at alternative rates under their group policy and shall also make such lists available for public inspection during regular business hours at the insurer's principal office within this state.

SECTION 5. ORS 743.550 is amended to read:

743.550. (1) Student health insurance is subject to ORS 743.537, 743.540, [*743.543,*] 743.546 and 743.549, except as provided in this section.

(2) Coverage under a student health insurance policy may be mandatory for all students at the institution, voluntary for all students at the institution, or mandatory for defined classes of students and voluntary for other classes of students. As used in this subsection, "classes" refers to undergraduates, graduate students, domestic students, international students or other like classifications. Any differences based on a student's nationality may be established only for the purpose of complying with federal law in effect when the policy is issued.

(3) When coverage under a student health insurance policy is mandatory, the policyholder may allow any student subject to the policy to decline coverage if the student provides evidence acceptable to the policyholder that the student has similar health coverage.

(4) A student health insurance policy may provide for any student to purchase optional supplemental coverage.

(5) Student health insurance coverage for athletic injuries may:

(a) Exclude coverage for injuries of students who have not obtained medical release for a similar injury; and

(b) Be provided in excess of or in addition to any other coverage under any other health insurance policy, including a student health insurance policy.

(6) A student health insurance policy may provide that coverage under the policy is secondary to any other health insurance for purposes of guidelines established under ORS 743.552.

[*(7) A student health insurance policy may provide, on request by the policyholder, that all or any portion of any indemnities provided by such policy on account of hospital, nursing, medical or surgical services may, at the insurer's option, be paid directly to the hospital or person rendering such services. However, the amount of any such payment shall not exceed the amount of benefit provided by the policy with respect to the service or billing of the provider of aid. The amount of such payments pursuant to one or more assignments shall not exceed the amount of expenses incurred on account of such hospitalization or medical or surgical aid.*]

[*(8)*] **(7)** An insurer providing student health insurance as primary coverage may negotiate and enter into contracts for alternative rates of payment with providers and offer the benefit of such alternative rates to insureds who select such providers. An insurer may utilize such contracts by offering a choice of plans at the time an insured enrolls, one of which provides benefits only for services by members of a particular provider organization with whom the insurer has an agreement. If an insured chooses such a plan, benefits are payable only for services rendered by a member of that provider organization, unless such services were requested by a member of such organization or are rendered as the result of an emergency.

[*(9)*] **(8)** Payments made under subsection [*(8)*] **(7)** of this section shall discharge the insurer's obligation with respect to the amount of insurance paid.

[*(10)*] **(9)** An insurer shall provide each student health insurance policyholder with a current roster of institutional and professional providers under contract to provide services at alternative rates under the group policy and shall also make such lists available for public inspection during regular business hours at the insurer's principal office within this state.

[*(11)*] **(10)** As used in this section, "student health insurance" means that form of health insurance under a policy issued to a college, school or other institution of learning, a school district or districts, or school jurisdictional unit, or recognized student government at an institution of higher education within the Oregon University System, or to the head, principal or governing board of any such educational unit, who or which shall be deemed the policyholder, that is available exclusively to students at the college, school or other institution.

SECTION 6. ORS 743A.014 is amended to read:

743A.014. Any insurance policy issued or issued for delivery in this state that provides coverage for ambulance care and transportation shall provide that payments will be made [*jointly*] **directly** to the provider of the ambulance care and transportation [*and to the insured, unless the policy provides for direct payment to the provider*].

SECTION 7. ORS 743A.024 is amended to read:

743A.024. Whenever any individual or group health insurance policy or blanket health insurance policy described in ORS 743.534 (3) provides for payment or reimbursement for any service within the lawful scope of service of a clinical social worker licensed under ORS 675.530:

(1) The insured under the policy shall be entitled to the services of a clinical social worker licensed under ORS 675.530, upon referral by a physician or psychologist.

(2) [*The insured under the policy shall be entitled to have*] Payment or reimbursement **shall be** made **by the insurer** to the [*insured or on behalf of the insured*] **clinical social worker** for the services performed. The payment or reimbursement shall be in accordance with the benefits provided

in the policy and shall be computed in the same manner whether performed by a physician, by a psychologist or by a clinical social worker, according to the customary and usual fee of clinical social workers in the area served.

SECTION 8. ORS 743A.048 is amended to read:

743A.048. Whenever any provision of any individual or group health insurance policy or contract provides for payment or reimbursement for any service which is within the lawful scope of a psychologist licensed under ORS 675.010 to 675.150:

(1) The insured under such policy or contract shall be free to select, and shall have direct access to, a psychologist licensed under ORS 675.010 to 675.150, without supervision or referral by a physician or another health practitioner, and wherever such psychologist is authorized to practice.

(2) [*The insured under such policy or contract shall be entitled to have*] Payment or reimbursement **shall be** made **by the insurer** to the [*insured or on the insured's behalf*] **psychologist** for the services performed. Such payment or reimbursement shall be in accordance with the benefits provided in the policy and shall be the same whether performed by a physician or a psychologist licensed under ORS 675.010 to 675.150.

SECTION 9. Sections 1 and 2 of this 2011 Act and the amendments to ORS 743.435, 743.531, 743.550, 743A.014, 743A.024 and 743A.048 by sections 3 to 8 of this 2011 Act apply to indemnities paid on claims presented on or after the effective date of this 2011 Act.

SECTION 10. ORS 743.543 is repealed.