

Senate Bill 1523

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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 reimburse providers directly for health care service provided to insureds if provider agrees that payment constitutes payment in full for service other than amounts for which insured is responsible. If provider does not agree to accept payment as payment in full from insurer, insurer may, at insurer's option and unless otherwise requested by insured, make payment to insured or to provider.

A BILL FOR AN ACT

1
2 Relating to health insurance reimbursement; creating new provisions; and amending ORS 743.435,
3 743.531, 743.543, 743.550, 743A.014, 743A.024 and 743A.048.

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

5 **SECTION 1. Section 2 of this 2012 Act is added to and made a part of the Insurance Code.**

6 **SECTION 2. (1) As used in this section, "indemnity payment" means a payment equal to**
7 **an insurer's allowable charge for a service minus any copayment, deductible, coinsurance or**
8 **other amount that is the responsibility of the insured.**

9 **(2) An insurer shall pay indemnities for the cost of a hospital, nursing, medical or sur-**
10 **gical service under a certificate or policy of health insurance to any provider of the service**
11 **that agrees to accept the insurer's indemnity payment as payment in full from the insurer**
12 **for the service.**

13 **(3) If a provider does not agree to accept an insurer's indemnity payment as payment in**
14 **full from the insurer for a service and may seek additional reimbursement from the insured,**
15 **the insurer shall make the payment as requested by the policyholder or insured or, if the**
16 **policyholder or insured has not made such a request, to the insured or to the provider at the**
17 **insurer's option.**

18 **SECTION 3. ORS 743.435 is amended to read:**

19 743.435. (1) A health insurance policy shall contain a provision as follows: "PAYMENT OF
20 CLAIMS: Indemnity for loss of life will be payable in accordance with the beneficiary designation
21 and the provisions respecting such payment which may be prescribed herein and effective at the
22 time of payment. If no such designation or provision is then effective, such indemnity shall be pay-
23 able to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may,
24 at the option of the insurer, be paid either to such beneficiary or to such estate. All other indem-
25 nities will be payable to the insured."

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

28 (a) "If any indemnity of this policy shall be payable to the estate of the insured, or to an insured

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 or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may
 2 pay such indemnity, up to an amount not exceeding \$_____ (insert an amount which shall not exceed
 3 \$1,000), to any relative by blood or connection by marriage of the insured or beneficiary who is
 4 deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good
 5 faith pursuant to this provision shall fully discharge the insurer to the extent of such payment.”

6 (b) “[*Subject to any written direction of the insured in the application or otherwise all or a portion*
 7 *of Any indemnities provided by this policy on account of*] **The insurer must pay a provider directly**
 8 **for indemnities owed the provider for** hospital, nursing, medical or surgical services, **other than**
 9 **copayments, deductibles, coinsurance or other amounts that are the responsibility of the**
 10 **insured, if the provider agrees to accept the indemnity payment as payment in full from the**
 11 **insurer for the services. If the provider does not agree to accept the payment as payment**
 12 **in full from the insurer and may seek additional reimbursement from the insured, the**
 13 **insurer** may, at the insurer’s option and unless the insured requests otherwise in writing not later
 14 than the time of filing proofs of such loss, [*be paid*] **make payment to the insured or** directly to
 15 the hospital or person rendering such services; but it is not required that the service be rendered
 16 by a particular hospital or person.”

17 **SECTION 4.** ORS 743.531 is amended to read:

18 743.531. [(1) *A group health insurance policy may on request by the group policyholder provide that*
 19 *all or any portion of any indemnities provided by such policy on account of hospital, nursing, medical*
 20 *or surgical services may, at the insurer’s option, be paid directly to the hospital or person rendering*
 21 *such services. However, the amount of any such payment shall not exceed the amount of benefit pro-*
 22 *vided by the policy with respect to the service or billing of the provider of aid. The amount of such*
 23 *payments pursuant to one or more assignments shall not exceed the amount of expenses incurred on*
 24 *account of such hospitalization or medical or surgical aid.*]

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

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

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

29 [(3)] (1) [*Nothing in subsection (2) of this section prevents an insurer from negotiating and*
 30 *entering*] **An insurer may negotiate and enter** into contracts for alternative rates of payment with
 31 providers **to provide services covered by a group health insurance policy** and [*offering*] **may**
 32 **offer** the benefit of such alternative rates to insureds who select such providers. An insurer may
 33 utilize such contracts by offering a choice of plans at the time an insured enrolls, one of which
 34 provides benefits only for services by members of a particular provider organization with whom the
 35 insurer has an agreement. If an insured chooses such a plan, benefits are payable only for services
 36 rendered by a member of that provider organization, unless such services were requested by a
 37 member of such organization or are rendered as the result of an emergency.

38 [(4)] (2) [*Payment so made*] **Benefits paid by an insurer to a provider under subsection (1)**
 39 **of this section** shall discharge the insurer’s obligation with respect to the amount of insurance so
 40 paid.

41 [(5)] (3) Insurers shall provide group policyholders with a current roster of institutional and
 42 professional providers under contract to provide services at alternative rates under their group
 43 policy and shall also make such lists available for public inspection during regular business hours
 44 at the insurer’s principal office within this state.

45 **SECTION 5.** ORS 743.543 is amended to read:

1 743.543. (1) **Except as provided in subsection (2) of this section**, all benefits under a blanket
 2 health insurance policy shall be payable to the person insured, or to the designated beneficiary or
 3 beneficiaries of the person, or to the estate of the person, except that if the person insured is a
 4 minor or otherwise not competent to give a valid release, such benefits may be made payable to the
 5 parent, guardian or other person actually supporting the person. [*However, the*]

6 (2) **A policy [may] must provide that all or a portion of any indemnities provided by such policy**
 7 **on account of hospital, nursing, medical or surgical services, [may, at the option of the insurer and**
 8 **unless the insured requests otherwise in writing not later than the time of filing proofs of such loss,]**
 9 **other than copayments, deductibles, coinsurance or other amounts that are the responsibil-**
 10 **ity of the insured, shall be paid directly to the hospital or person rendering such services if the**
 11 **hospital or person agrees to accept the indemnity payment as payment in full from the**
 12 **insurer for the service.]; but] The policy may not require that the services be rendered by a par-**
 13 **ticular hospital or person. If the hospital or person does not agree to accept the payment as**
 14 **payment in full from the insurer for the service and may seek additional reimbursement**
 15 **from the insured, the insurer may, at the insurer's option and unless the insured requests**
 16 **otherwise in writing not later than the time of filing proofs of such loss, make the payment**
 17 **to the insured or to the hospital or person. Payments made in accordance with this section**
 18 [*Payment so made*] shall discharge the obligation of the insurer with respect to the amount of in-
 19 surance so paid.

20 **SECTION 6.** ORS 743.550 is amended to read:

21 743.550. (1) Student health insurance is subject to ORS 743.537, 743.540, 743.543, 743.546 and
 22 743.549, except as provided in this section.

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

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

32 (4) A student health insurance policy may provide for any student to purchase optional supple-
 33 mental coverage.

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

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

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

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

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

1 *one or more assignments shall not exceed the amount of expenses incurred on account of such*
 2 *hospitalization or medical or surgical aid.]*

3 [(8)] (7) An insurer providing student health insurance as primary coverage may negotiate and
 4 enter into contracts for alternative rates of payment with providers and offer the benefit of such
 5 alternative rates to insureds who select such providers. An insurer may utilize such contracts by
 6 offering a choice of plans at the time an insured enrolls, one of which provides benefits only for
 7 services by members of a particular provider organization with whom the insurer has an agreement.
 8 If an insured chooses such a plan, benefits are payable only for services rendered by a member of
 9 that provider organization, unless such services were requested by a member of such organization
 10 or are rendered as the result of an emergency.

11 [(9)] (8) Payments made under subsection [(8)] (7) of this section shall discharge the insurer's
 12 obligation with respect to the amount of insurance paid.

13 [(10)] (9) An insurer shall provide each student health insurance policyholder with a current
 14 roster of institutional and professional providers under contract to provide services at alternative
 15 rates under the group policy and shall also make such lists available for public inspection during
 16 regular business hours at the insurer's principal office within this state.

17 [(11)] (10) As used in this section, "student health insurance" means that form of health insur-
 18 ance under a policy issued to a college, school or other institution of learning, a school district or
 19 districts, or school jurisdictional unit, or recognized student government at a public university listed
 20 in ORS 352.002, or to the head, principal or governing board of any such educational unit, who or
 21 which shall be deemed the policyholder, that is available exclusively to students at the college,
 22 school or other institution.

23 **SECTION 7.** ORS 743A.014 is amended to read:

24 743A.014. Any insurance policy issued or issued for delivery in this state that provides coverage
 25 for ambulance care and transportation shall provide that payments will be made [*jointly*] **directly**
 26 to the provider of the ambulance care and transportation [*and to the insured, unless the policy pro-*
 27 *vides for direct payment to the provider*] **if the provider agrees to accept the payment as payment**
 28 **in full from the insurer for the ambulance care and transportation. If the provider does not**
 29 **agree to accept the payment as payment in full for the service and may seek additional re-**
 30 **imbursement from the insured, other than copayments, deductibles, coinsurance or other**
 31 **amounts that are the responsibility of the insured, the payment shall be made jointly to the**
 32 **provider of the ambulance care and transportation and to the insured.**

33 **SECTION 8.** ORS 743A.024 is amended to read:

34 743A.024. Whenever any individual or group health insurance policy or blanket health insurance
 35 policy described in ORS 743.534 (3) provides for payment or reimbursement for any service within
 36 the lawful scope of service of a clinical social worker licensed under ORS 675.530:

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

39 (2) [*The insured under the policy shall be entitled to have Payment or reimbursement made to the*
 40 *insured or on behalf of the insured for the services performed.*] The payment or reimbursement **for**
 41 **the services of a clinical social worker** shall be in accordance with the benefits provided in the
 42 policy and shall be computed in the same manner whether performed by a physician, by a psychol-
 43 ogist or by a clinical social worker, according to the customary and usual fee of clinical social
 44 workers in the area served.

45 **SECTION 9.** ORS 743A.048 is amended to read:

1 743A.048. Whenever any provision of any individual or group health insurance policy or contract
2 provides for payment or reimbursement for any service which is within the lawful scope of a psy-
3 chologist licensed under ORS 675.010 to 675.150:

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

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

12 **SECTION 10. Section 2 of this 2012 Act and the amendments to ORS 743.435, 743.531,**
13 **743.543, 743.550, 743A.014, 743A.024 and 743A.048 by sections 3 to 9 of this 2012 Act apply to**
14 **indemnities paid on claims presented on or after the effective date of this 2012 Act.**