

House Bill 3456

Sponsored by COMMITTEE ON ELECTIONS AND RULES (at the request of Paul Meunier, M.D.)

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**.

Establishes conditions with which insurers offering preferred provider organization insurance must comply.

Establishes notice requirements pertaining to breach of preferred provider organization insurance agreements.

Requires that insurer offering preferred provider organization insurance establish fair hearing process for providers.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to insurers offering preferred provider organization insurance; and declaring an emergency.

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

4 **SECTION 1. Sections 2 to 4 of this 2005 Act are added to and made a part of ORS chapter**
5 **746.**

6 **SECTION 2. (1) As used in this section and sections 3 and 4 of this 2005 Act:**

7 (a) **"Agreement" means a contract for preferred provider organization insurance between**
8 **an insurer and a provider.**

9 (b) **"Enrollee" has the meaning given that term in ORS 743.730.**

10 (c) **"Preferred provider organization insurance" has the meaning given that term in ORS**
11 **743.801.**

12 (d) **"Provider" has the meaning given that term in ORS 743.801.**

13 (2) **An insurer that offers preferred provider organization insurance shall be ready, will-**
14 **ing and able to enter into an agreement with a provider that provides the services covered**
15 **by the insurer if the provider:**

16 (a) **Is qualified under the laws of this state;**

17 (b) **Desires to become a provider of the insurer;**

18 (c) **Meets the requirements of the insurer; and**

19 (d) **Practices within the general area served by the insurer.**

20 (3) **An insurer entering into an agreement under this section may not require as a con-**
21 **dition of the agreement that the provider render covered services at facilities owned or op-**
22 **erated by, or affiliated or associated with, the insurer if the provider is capable of rendering**
23 **the covered services at the provider's offices consistent with the insurer's quality require-**
24 **ments and at charges equal to or less than the charges allowed by the insurer.**

25 (4) **This section does not prohibit an insurer:**

26 (a) **From refusing to enter into an agreement with a provider that is unqualified or that**
27 **does not meet the terms and conditions of the insurer's proposed agreement; or**

28 (b) **From terminating or refusing to renew the agreement with a provider that is un-**

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 qualified or that does not comply with, or refuses to comply with, the terms and conditions
2 of the agreement, including but not limited to practice standards and quality requirements.

3 (5) An insurer entering into an agreement under this section may not require as a con-
4 dition of an agreement that a provider agree to:

5 (a) Deny an enrollee access to services not covered by the agreement if the enrollee is
6 informed that the enrollee must pay for the noncovered services and the enrollee nonetheless
7 desires to obtain the services;

8 (b) Refrain from treating an enrollee at the enrollee's request and expense if the provider
9 no longer has an agreement with the insurer and the provider has notified the enrollee that
10 the provider is no longer a provider under the agreement; or

11 (c) Disclose the provider's contractual reimbursement rates from other third party
12 payers.

13 (6) An insurer offering preferred provider organization insurance may not refuse to
14 contract with an otherwise eligible provider or nonpreferred provider or to compensate an
15 otherwise eligible provider or nonpreferred provider for covered services solely because the
16 provider has in good faith communicated with one or more current, former or prospective
17 patients regarding the provisions, terms or requirements of the insurer's products as the
18 products relate to the needs of the provider's patients.

19 **SECTION 3.** (1) An agreement under section 2 of this 2005 Act shall provide for:

20 (a) Written notice to the provider by the insurer setting forth any action constituting a
21 breach of the agreement for which the insurer proposes that the agreement be terminated
22 or nonrenewed; and

23 (b) A reasonable period of time for the provider to cure a breach prior to termination
24 or nonrenewal of the agreement.

25 (2) If a breach of the agreement has not been cured within the time period set forth in
26 the written notice, the insurer may terminate or nonrenew the agreement. If a breach of the
27 agreement is a willful breach, constitutes fraud or poses an immediate danger to the public
28 health or safety, the insurer may terminate the agreement immediately.

29 **SECTION 4.** Every insurer offering preferred provider organization insurance shall es-
30 tablish procedures to provide a reasonable opportunity for a fair hearing for the resolution
31 of grievances and the protection of the rights of the parties to the agreement.

32 **SECTION 5.** Sections 2 to 4 of this 2005 Act apply to agreements entered into on or after
33 the effective date of this 2005 Act.

34 **SECTION 6.** This 2005 Act being necessary for the immediate preservation of the public
35 peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect
36 on its passage.

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