

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

HOUSE BILL NO. 1562

By: Deutschendorf of the
House

and

Rozell of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to insurance; creating the Preferred Provider Organizations Act; defining terms; authorizing the creation of preferred provider organizations; stating criteria for preferred provider organizations; stating criteria for preferred provider arrangements; requiring certain filing by health care insurers and non-risk-assuming entities; stating contents of filing; requiring certain entities to file certain information with the State Department of Health; providing an exemption for certain premium taxes; authorizing health care insurers to issue certain policies; stating provisions of policies; prohibiting discrimination against health care providers; requiring compliance with certain laws; providing an exception in circumstances that will limit certain arrangement; directing the State Commissioner of Health to promulgate rules; providing for an administrative penalty; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.1 of Title 36, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Preferred Provider Organizations Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.2 of Title 36, unless there is created a duplication in numbering, reads as follows:

As used in the Preferred Provider Organizations Act:

1. "Accident and health insurance policy" means any policy, certificate, contract, agreement or other instrument that provides accident and health insurance as defined in Section 703 of Title 36 of the Oklahoma Statutes, to any person in this state;

2. "Commissioner" means the State Commissioner of Health;

3. "Covered person" means any person on whose behalf the health care insurer or non-risk-assuming entity is obligated to provide health care services;

4. "Covered services" means health care services which a health care insurer is obligated to pay for or provide under an accident and health insurance policy or which a non-risk-assuming entity is obligated to provide by contract;

5. "Emergency care" means emergency room screening and stabilization as needed for conditions that reasonably appear to constitute a life- or limb-threatening emergency, based on the presenting symptoms of the patient;

6. "Health care insurer" means any entity that provides an accident and health insurance policy in this state, including, but not limited to, a licensed insurance company, a not-for-profit hospital service and medical indemnity corporation, a fraternal benefit society, a multiple employer welfare arrangement and any other entity subject to regulation by the Insurance Commission;

7. "Health care provider" means any person, firm, corporation or other legal entity who is licensed, certified or otherwise authorized by the laws of this state to provide health care services in the ordinary course of business or practice of the profession;

8. "Health care services" means services rendered or products sold by a health care provider within the scope of the license, certificate or other legal authorization of the health care provider;

9. "Preferred provider" means a health care provider or group of providers who have contracted with a health care insurer or non-risk-assuming entity to provide specified covered services;

10. "Preferred provider contract" means a contract between or on behalf of the health care insurer or non-risk-assuming entity

and a preferred provider which complies with all the requirements of this act; and

11. "Preferred provider organization" means a network of preferred providers created by a health care insurer or non-risk-assuming entity through preferred provider contracts.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.3 of Title 36, unless there is created a duplication in numbering, reads as follows:

A. Notwithstanding any provisions of law to the contrary, any health care insurer or non-risk-assuming entity may create a preferred provider organization or organizations. All preferred provider organizations shall:

1. Assure reasonable access to covered services provided through the preferred provider organization and include an adequate number of preferred providers to render those services; and

2. Not unfairly deny health benefits for medically necessary covered services.

B. Preferred provider contracts shall:

1. Establish the amount and manner of payment to the preferred provider; and

2. Include mechanisms which are designed to minimize the cost of the health care services. These mechanisms may include among others:

a. the review or control of utilization of health care services, and

b. a procedure for determining whether health care services rendered are medically necessary.

C. Health care insurers and non-risk-assuming entities shall file annually with the State Commissioner of Health, on a form prescribed by the Commissioner:

1. Information identifying any preferred provider organization which the insurer or non-risk-assuming entity has created;

2. A description of the activities of each preferred provider organization; and

3. A description of all preferred provider contracts.

D. A non-risk-assuming entity which enters into a contract providing covered health care services, but is not engaged in activities which would require it to be licensed as a health care insurer, shall not be subject to the premium tax assessment on such contracts as set forth in Section 624 of Title 36 of the Oklahoma Statutes.

E. Employers who enter into contracts with health care providers for the exclusive benefit of their employees and dependents shall be exempt from the requirements of this section.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.4 of Title 36, unless there is created a duplication in numbering, reads as follows:

A. Health care insurers may issue accident and health insurance policies which provide for incentive for covered persons to use the health care services of preferred providers. Such policies shall contain at least the following provisions:

1. A provision that if a covered person receives emergency care and cannot reach a preferred provider, that emergency care rendered during the course of the emergency will be reimbursed as though the covered person had been treated by a preferred provider; and

2. A provision which clearly identifies the differential in benefit levels for health care services of preferred providers and benefit levels for health care services of nonpreferred providers.

B. If an accident and health insurance policy provides differences in benefit levels payable to preferred providers compared to other providers, such differences shall not unfairly deny payment for covered services and shall be no greater than necessary to provide a reasonable incentive for covered persons to use the preferred provider.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.5 of Title 36, unless there is created a duplication in numbering, reads as follows:

No preferred provider contract shall discriminate against health care providers on the basis of religion, race, color, national origin, age, sex or marital status.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.6 of Title 36, unless there is created a duplication in numbering, reads as follows:

Health care insurers and non-risk-assuming entities which create preferred provider organizations in accordance with the Preferred Provider Organizations Act shall be subject to and are required to comply with all other applicable laws and rules of this state.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.7 of Title 36, unless there is created a duplication in numbering, reads as follows:

The State Commissioner of Health shall promulgate rules providing for implementation and administration of the provisions of this act.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6057.8 of Title 36, unless there is created a duplication in numbering, reads as follows:

Any health care insurer or non-risk-assuming entity which has been determined by the State Commissioner of Health to have violated any provision of the Preferred Provider Organizations Act or any rule promulgated pursuant to the provisions of Section 7 of this act shall be liable for an administrative penalty of not more than One Hundred Dollars (\$100.00) for each day of such violation. The maximum administrative penalty shall not exceed Twenty Thousand Dollars (\$20,000.00) for any related series of violations.

SECTION 9. This act shall become effective November 1, 1997.

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