

FILED MAR 4 1996

SENATE FILE 2389
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2094)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to patient access through managed care plans or
2 indemnity plans with limited provider networks to defined
3 physicians.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2389

1 Section 1. NEW SECTION. 514C.11 PATIENT ACCESS TO TYPES
2 OF PHYSICIANS UNDER MANAGED CARE HEALTH PLAN OR INDEMNITY PLAN
3 WITH LIMITED PROVIDER NETWORK.

4 Notwithstanding section 514C.6, a managed care health plan
5 or indemnity plan with a limited provider network shall
6 provide patients direct access to each type of physician, as
7 defined in section 135.1 and licensed under chapter 148, 150A,
8 or 151. Such direct access to a physician licensed under
9 chapter 151 shall not be conditioned upon a referral by a
10 provider licensed under another chapter. Access to a
11 specialist may be conditioned upon a referral by a primary
12 care provider physician licensed under chapter 148, 150A, or
13 151. If a physician licensed under chapter 151 determines
14 that a referral should be made to a physician licensed under
15 another chapter, a managed care health plan or indemnity plan
16 with a limited provider network may require that the referral
17 be made first to a provider designated by the plan. Any
18 copayment, deductible, cost containment mechanism, or premium
19 rate shall not discriminate directly or indirectly upon the
20 basis of the license held by the physician. Access to a
21 specialist may be subject to a different copayment or
22 deductible than access to a primary care provider. Access to
23 a nonparticipating physician may be restricted or may be
24 subject to different copayments, deductibles, or premium
25 rates, or may be excluded, provided that a plan shall not
26 differentiate or exclude a physician directly or indirectly
27 upon the basis of the license held by the physician.

28 Each plan must demonstrate that it is capable of serving
29 appropriately the needs of the subscriber population in the
30 service area of the plan with regard to patient access to each
31 type of physician. The commissioner of insurance shall adopt
32 rules as necessary to administer this paragraph.

33 For purposes of this section, "managed care health plan or
34 indemnity plan with a limited provider network" means a health
35 maintenance organization, organized delivery system,

1 accountable health plan, health care insurance plan which
2 limits the number of licensed physicians who can provide
3 services under the plan, preferred provider organization,
4 exclusive provider organization, restricted access network, or
5 similar health-care plan. For purposes of this section,
6 "physician" means physician as defined in section 135.1 and
7 licensed under chapter 148, 150A, or 151.

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EXPLANATION

9 This bill creates a new section 514C.11 which provides that
10 a managed care health plan or indemnity plan with a limited
11 provider network is to provide patients direct access to each
12 type of physician, as defined in section 135.1 and licensed
13 under chapter 148, 150A, or 151. The access required pursuant
14 to this section to a physician licensed under chapter 151 is
15 not to be conditioned upon a referral by a physician licensed
16 under another chapter. Access to a specialist may be
17 conditioned upon a referral by a primary care provider
18 licensed under chapter 148, 150A, or 151. If a physician
19 licensed under chapter 151 makes a determination that a
20 patient should be referred to a physician licensed under a
21 different chapter, the managed care health plan or indemnity
22 plan with a limited provider network may require the referral
23 to be made first to a provider designated by the plan. A
24 copayment, deductible, cost containment mechanism, or premium
25 rate under such plan shall not discriminate directly or
26 indirectly upon the basis of the license held by a physician.
27 Access to a specialist may be subject to a different copayment
28 or deductible than access to a primary care provider. Access
29 to a nonparticipating physician under such plan may be
30 restricted or may be subject to different copayments,
31 deductibles, or premium rates, or may be excluded under the
32 plan, so long as the differentiation or exclusion is not upon
33 the basis of the license held by the physician.

34 The bill requires that each plan demonstrate that it
35 appropriately serves the needs of the subscriber population in

1 the service area of the plan with regard to patient access to
2 physicians of each type.

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SENATE FILE 2389

S-5589

1 Amend Senate File 2389 as follows:
 2 1. By striking page 1, line 34, through page 2,
 3 line 5, and inserting the following: "indemnity plan
 4 with a limited provider network" means an organized
 5 delivery system. For purposes of this section,".
 By ELAINE SZYMONIAK

S-5589 FILED MARCH 28, 1996

SENATE FILE 2389

S-5590

1 Amend Senate File 2389 as follows:
 2 1. Page 1, line 5, by striking the word "shall"
 3 and inserting the following: "may".
 4 2. Page 1, line 9, by striking the words "shall
 5 not" and inserting the following: "may".
 6 3. Page 1, lines 31 and 32, by striking the words
 7 "adopt rules as necessary to administer this
 8 paragraph" and inserting the following: "conduct a
 9 study for each managed care plan in order to determine
 10 if it is capable of serving appropriately the needs of
 11 the subscriber population in the service area".
 12 4. Page 1, by inserting after line 32 the
 13 following:
 14 "A plan shall not be implemented until completion
 15 of the study of the needs of the subscriber population
 16 in the service area. Following completion of a study,
 17 the commissioner of insurance shall hold a public
 18 hearing for the purpose of allowing commentary by the
 19 public on the plan. Following the hearing, the
 20 commissioner of insurance shall issue an order
 21 regarding the capability of each plan to serve the
 22 needs of the service area including the proper
 23 concentration and number of providers who shall be a
 24 part of the plan. The order shall be issued not more
 25 than two weeks following the hearing."
 26 5. Page 2, by inserting after line 7 the
 27 following:
 28 "Sec. _____. There is appropriated to the insurance
 29 division of the department of commerce for the fiscal
 30 year beginning July 1, 1996, and ending June 30, 1997,
 31 the following amount, or so much thereof as may be
 32 necessary, for the purpose of carrying out the studies
 33 and public hearings as provided for in section
 34 514C.11:
 35 \$ 500,000".
 36 6. Title page, line 3, by inserting after the
 37 word "physicians" the following: "and making an
 38 appropriation".

By ELAINE SZYMONIAK

S-5590 FILED MARCH 28, 1996

SENATE FILE 2389

S-5587

- Amend Senate File 2389 as follows:
1. Page 1, line 35, by inserting after the word "system," the following: "fraternal benefit society,".

By ELAINE SZYMONIAK

S-5587 FILED MARCH 28, 1996

SENATE FILE 2389

S-5588

- Amend Senate File 2389 as follows:
1. Page 2, lines 4 and 5, by striking the words "restricted access network, or similar health-care plan" and inserting the following: "or restricted access network".

By ELAINE SZYMONIAK

S-5588 FILED MARCH 28, 1996

SENATE FILE 2389

S-5450

- Amend Senate File 2389 as follows:
1. Page 1, line 7, by inserting after the figure "148," the following: "149,".
 2. Page 1, line 12, by inserting after the figure "148," the following: "149,".
 3. Page 2, line 7, by inserting after the figure "148," the following: "149,".

By JIM LIND

S-5450 FILED MARCH 20, 1996

SENATE FILE 2389

S-5634

- 1 Amend Senate File 2389 as follows:
2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. NEW SECTION. 514C.11 ACCESS TO
5 FACILITIES BY PROVIDERS UNDER MANAGED CARE HEALTH
6 PLANS OR INDEMNITY PLANS.
7 1. Notwithstanding section 514C.6, a managed care
8 health plan or indemnity plan with a limited provider
9 network shall accept both of the following as
10 providers or locations for provision of services:
11 a. A provider licensed under Title IV, subtitle 3,
12 who agrees to the conditions of the provider contract
13 required by the managed care health plan or indemnity
14 plan notwithstanding that the provider maintains
15 medical staff privileges in a rural hospital if the
16 point of delivery of services is located in a rural
17 county.
18 b. A rural hospital if the hospital agrees to the
19 conditions of the provider contract and the fees
20 established under the contract for specific services
21 as required by the managed care health plan or
22 indemnity plan.
23 2. For the purposes of this section:
24 a. "Managed care health plan or indemnity plan
25 with a limited provider network" means a health
26 maintenance organization, organized delivery system,
27 exclusive provider organization, point of service
28 plan, standard indemnity insurance plan, or any
29 similar plan providing for health care services.
30 b. "Rural county" means a county with a population
31 of thirty-five thousand or less.
32 c. "Rural hospital" means a licensed hospital
33 which is located in a rural county and which is the
34 only hospital licensed in that county."
35 2. Title page, line 3, by inserting after the
36 word "physicians" the following: "and other
37 providers".

By PATTY JUDGE

S-5634 FILED APRIL 2, 1996

SENATE FILE 2389

S-5604

1 Amend Senate File 2389 as follows:

2 1. Page 2, by inserting after line 7 the
3 following:

4 "Sec. 101. EFFECTIVE DATE -- STUDY -- CONDITIONAL
5 REPEAL.

6 1. Section 1 of this Act is effective July 1,
7 1997, unless the commissioner of insurance determines
8 through an independent study that the requirements of
9 this Act will affect less than fifteen percent of the
10 Iowa population who have health care coverage pursuant
11 to all managed care plans, indemnity plans, organized
12 delivery systems, self-insured plans, Medicare,
13 medicaid, and any other types of health care coverage
14 that may be available, or if the commissioner
15 determines that as a result of this Act the persons or
16 business entities affected by it will suffer increased
17 health care coverage costs.

18 2. The commissioner of insurance shall conduct an
19 independent study of health care coverage in this
20 state for the purpose of making a determination under
21 subsection 1. The commissioner of insurance shall
22 contract with at least two independent actuarial firms
23 or consulting organizations capable of conducting this
24 study required. The study shall be completed no later
25 than June 1, 1997, and the results of the study shall
26 be certified by the commissioner of insurance to the
27 governor and the secretary of state no later than June
28 15, 1997.

29 3. If the commissioner determines as a result of
30 this study that less than fifteen percent of Iowa's
31 population who have health care coverage are affected
32 by this Act, section 1 of this Act is repealed
33 effective July 1, 1997. If the commissioner
34 determines as a result of this study that businesses
35 or individuals affected by section 1 of this Act will
36 be subject to increased health care coverage costs as
37 a result of this Act, section 1 of this Act is
38 repealed effective July 1, 1997.

39 Sec. 102. There is appropriated from the general
40 fund of the state to the division of insurance of the
41 department of commerce for the fiscal period beginning
42 on the effective date of section 101 and this section
43 of this Act, and ending June 30, 1997, the following
44 amount, or so much thereof as is necessary, for the
45 purpose of conducting the study required by section
46 101 of this Act:

47 \$ 300,000

48 Sec. ____ Sections 101 and 102 of this Act, being
49 deemed of immediate importance, take effect upon
50 enactment."

S-5604

-1-

S-5604

Page 2

1 2. Title page, line 3, by inserting after the
2 word "physicians" the following: ", making an
3 appropriation, providing an effective date, and
4 providing for a conditional repeal".

5 3. By renumbering as necessary.

By O. GENE MADDOX

SENATE FILE 2389

S-5643

1 Amend Senate File 2389 as follows:
2 1. Page 1, line 4, by striking the word
3 "Notwithstanding" and inserting the following: "1.
4 Notwithstanding".
5 2. By striking page 1, line 33, through page 2,
6 line 7 and inserting the following:
7 "2. Notwithstanding section 514C.6, a managed care
8 health plan or indemnity plan with a limited provider
9 network shall accept as locations for provision of
10 services, a rural hospital if the hospital agrees to
11 the conditions of the provider contract and the fees
12 established under the contract for specific services
13 as required by the managed care health plan or
14 indemnity plan with a limited provider network.
15 3. For the purposes of this section:
16 a. "Managed care health plan or indemnity plan
17 with a limited provider network" means a health
18 maintenance organization, organized delivery system,
19 exclusive provider organization, point of service
20 plan, standard indemnity insurance plan, or any
21 similar plan providing for health care services.
22 b. "Physician" means physician as defined in
23 section 135.1 and licensed under chapter 148, 150A, or
24 151.
25 c. "Rural county" means a county with a population
26 of thirty-five thousand or less.
27 d. "Rural hospital" means a licensed hospital
28 which is located in a rural county and which is the
29 only hospital licensed in that county."
30 3. Title page, line 3, by inserting after the
31 word "physicians" the following: "and other
32 providers".

By PATTY JUDGE

S-5643 FILED APRIL 3, 1996

Gronstal
Bisignano
Freeman
Hansen
Jensen
Palmer
Redfern

SSB-2094
Commerce

Succeeded By
SENATE FILE *SF 2389*
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON DELUHERY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to patient access through managed care plans or
2 indemnity plans with limited provider networks to defined
3 physicians.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 514C.11 PATIENT ACCESS TO TYPES
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3 WITH LIMITED PROVIDER NETWORK.

4 Notwithstanding section 514C.6, a managed care health plan
5 or indemnity plan with a limited provider network shall
6 provide patients direct access to each type of physician, as
7 defined in section 135.1 and licensed under chapter 148, 150A,
8 or 151, and shall not condition that access upon a referral by
9 a physician licensed under another chapter. Access to a
10 specialist may be conditioned upon a referral by a primary
11 care provider licensed under the same chapter. Any copayment,
12 deductible, cost containment mechanism, or premium rate shall
13 not discriminate directly or indirectly upon the basis of the
14 license held by the physician. Access to a specialist may be
15 subject to a different copayment or deductible than access to
16 a primary care provider. Access to a nonparticipating
17 physician may be restricted or may be subject to different
18 copayments, deductibles, or premium rates, or may be excluded,
19 provided that a plan shall not differentiate or exclude a
20 physician directly or indirectly upon the basis of the license
21 held by the physician.

22 Each plan must demonstrate that it is capable of serving
23 appropriately the needs of the subscriber population in the
24 service area of the plan with regard to patient access to each
25 type of physician.

26 For purposes of this section, "managed care health plan or
27 indemnity plan with a limited provider network" means a health
28 maintenance organization, organized delivery system,
29 accountable health plan, health care insurance plan which
30 limits the number of licensed physicians who can provide
31 services under the plan, preferred provider organization,
32 exclusive provider organization, restricted access network, or
33 similar health-care plan. For purposes of this section,
34 "physician" means physician as defined in section 135.1 and
35 licensed under chapter 148, 150A, or 151.

EXPLANATION

1
2 This bill creates a new section 514C.11 which provides that
3 a managed care health plan or indemnity plan with a limited
4 provider network is to provide patients direct access to each
5 type of physician, as defined in section 135.1 and licensed
6 under chapter 148, 150A, or 151. The access required pursuant
7 to this section is not to be conditioned upon a referral by a
8 physician licensed under another chapter. Access to a
9 specialist may be conditioned upon a referral by a primary
10 care provider licensed under the same chapter. A copayment,
11 deductible, cost containment mechanism, or premium rate under
12 such plan shall not discriminate directly or indirectly upon
13 the basis of the license held by a physician. Access to a
14 specialist may be subject to a different copayment or
15 deductible than access to a primary care provider. Access to
16 a nonparticipating physician under such plan may be restricted
17 or may be subject to different copayments, deductibles, or
18 premium rates, or may be excluded under the plan, so long as
19 the differentiation or exclusion is not upon the basis of the
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22 appropriately serves the needs of the subscriber population in
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24 physicians of each type.

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