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COMMERCE AND REGULATION

HOUSE FILE 198
BY SMITH, WITT, FORD, DOTZLER,
MURPHY, GREIMANN, FOEGE,
MASCHER, LENSING, and OSTERHAUS

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

A BILL FOR

1 An Act prohibiting direct financial incentives for health care
2 providers to withhold medically necessary, covered services in
3 managed care health plans.

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

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HF 198

1 Section 1. NEW SECTION. 514C.13A GROUP MANAGED CARE
2 HEALTH PLANS -- PROHIBITION OF CERTAIN FINANCIAL INCENTIVES
3 FOR HEALTH CARE PROVIDERS.

4 1. A managed care health plan, as defined in section
5 514C.13, shall not contain any provision in a contract with
6 any health care provider, as defined in section 514C.13, that,
7 as its predominant purpose, creates direct financial
8 incentives for the health care provider to withhold medically
9 necessary, covered health care services.

10 2. This section shall not be construed to prohibit a
11 contract between a health care provider and a managed care
12 health plan that contains financial incentives for efficient
13 management of the utilization and cost of covered health care
14 services.

15 EXPLANATION

16 This bill creates new Code section 514C.13A, to prohibit
17 provisions in a contract between a managed care health plan
18 and a health care provider that have a predominant purpose of
19 creating direct financial incentives for the health care
20 provider to withhold medically necessary, covered health care
21 services.

22 The new Code section specifically states that the
23 prohibition against such clauses does not extend to financial
24 incentives for efficient management of the utilization and
25 cost of covered health care services.

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