

FEB 11 2003

COMMERCE, REGULATION & LABOR

HOUSE FILE
BY MYERS

168

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

A BILL FOR

1 An Act designating certain insurance practices related to health
2 care providers as unfair methods of competition and practice
3 and providing penalties.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 168

1 Section 1. Section 507B.4, Code 2003, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 12A. PARTICIPATION CLAUSES. Requiring a
4 health care provider to participate in an insurer's benefit
5 programs, plans, or products as a condition of participating
6 in any of the insurer's other programs, plans, or products or
7 reducing a health care provider's payment for covered services
8 provided under a program, plan, or product because the health
9 care provider did not participate in any of the insurer's
10 other programs, plans, or products. It is not an unfair
11 practice under this subsection for an insurer to develop a
12 single contract with terms and conditions applicable to more
13 than one benefit program, plan, or product as long as the
14 health care provider is not required by that single contract
15 to participate in a program, plan, or product as a condition
16 of participation in any other program, plan, or product.

17 For purposes of this subsection, "insurer" means the same
18 as defined in subsection 12. "Health care provider" means the
19 same as defined in section 514C.13, subsection 1.

20 NEW SUBSECTION. 12B. PRICING RESTRICTIONS. Requiring a
21 health care provider providing covered services under a
22 benefit plan, program, or product of an insurer to accept as
23 payment for those covered services the lowest price, including
24 discounts and incentives charged by or paid to the health care
25 provider for the same services by any other person, as defined
26 in section 4.1.

27 For purposes of this subsection, "insurer" means the same
28 as defined in subsection 12. "Health care provider" means the
29 same as defined in section 514C.13, subsection 1.

30 NEW SUBSECTION. 12C. LACK OF SPECIFICITY IN CONTRACT
31 TERMS AND CONDITIONS. Failure of an insurer to clearly
32 specify in each agreement with a health care provider under
33 which a health care provider provides covered services, what
34 benefit plans, programs, or products the health care provider
35 has agreed to participate in pursuant to the agreement, and

1 the terms and conditions, including payment for each covered
2 service, applicable to each program, plan, or product included
3 under the agreement. An insurer must have and make available
4 to a health care provider a method or process that enables a
5 health care provider to determine the amount paid for each
6 covered service and that does not reduce or attempt to reduce
7 the amount paid to a health care provider for a covered
8 service by using an amount, discount, or payment reduction
9 formula or methodology that the insurer and health care
10 provider have not directly and specifically agreed upon as
11 applicable to the covered service in question. The
12 commissioner of insurance shall adopt rules pursuant to
13 chapter 17A to administer this subsection.

14 For purposes of this subsection, "insurer" means the same
15 as defined in subsection 12. "Health care provider" means the
16 same as defined in section 514C.13, subsection 1.

17 EXPLANATION

18 This bill amends Code section 507B.4 to designate certain
19 insurance practices related to health care providers as unfair
20 methods of competition and practice. The bill makes it an
21 unfair practice for an insurer to require a health care
22 provider to participate in an insurer's benefit programs,
23 plans, or products as a condition of participating in any of
24 the insurer's other programs, plans, or products or reducing a
25 health care provider's payment for covered services provided
26 under a program, plan, or product because the health care
27 provider did not participate in any of the insurer's other
28 programs, plans, or products.

29 The bill also makes it an unfair practice for an insurer to
30 require a health care provider providing covered services
31 under a benefit plan, program, or product to accept as payment
32 for those covered services the lowest price charged by or paid
33 to the health care provider for the same services by any other
34 person.

35 The bill also makes it an unfair practice to an insurer to

1 fail to clearly specify in each agreement with a health care
2 provider what plans, programs, or products the health care
3 provider has agreed to participate in pursuant to the
4 agreement and the terms and conditions, including payment for
5 each covered service, applicable to each program, plan, or
6 product included in the agreement. In addition, an insurer
7 must have and make available to a health care provider a
8 method or process that enables a health care provider to
9 determine the amount paid for each covered service and that
10 does not reduce the amount paid to a health care provider by
11 using a formula or methodology that the insurer and the health
12 care provider have not specifically agreed upon. The
13 commissioner of insurance is directed to adopt rules pursuant
14 to Code chapter 17A to administer this provision.

15 For purposes of the bill, an "insurer" means an entity
16 providing a plan of health insurance, health care benefits, or
17 health care services, or an entity performing utilization
18 review, including an insurance company offering sickness and
19 accident plans, a health maintenance organization, an
20 organized delivery system, a nonprofit health service
21 corporation, a plan established pursuant to Code chapter 509A
22 for public employees, or any other entity providing a plan of
23 health insurance, health care benefits, or health care
24 services. A "health care provider" means a hospital licensed
25 pursuant to Code chapter 135B, a person licensed under Code
26 chapter 148, 148C, 149, 150, 150A, 151, or 154, or a person
27 licensed as an advanced registered nurse practitioner under
28 Code chapter 152.

29 A person who violates a cease and desist order of the
30 commissioner of insurance for an act that is an unfair method
31 of competition and unfair or deceptive act or practice under
32 the bill is subject to a monetary penalty of not more than
33 \$10,000 for each act or violation and suspension or revocation
34 of the person's license.

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