

Senate Study Bill 3093 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON PETERSEN)

A BILL FOR

1 An Act relating to the right of a health care provider to
2 choose whether to participate in a health insurance plan or
3 a provider network arrangement, and including penalties and
4 effective date and applicability date provisions.

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

1 Section 1. LEGISLATIVE FINDINGS. The general assembly
2 finds and declares all of the following:

3 1. Health insurers offer a variety of health insurance plans
4 and provider network arrangements.

5 2. In markets where health insurers possess market power,
6 health insurers are able to use that power to compel health
7 care providers to provide health care services under a health
8 insurance plan, or to participate in a provider network
9 arrangement, that a health provider might not otherwise choose
10 to provide services under or participate in.

11 3. Compelling health care providers to provide health care
12 services under a health insurance plan, or to participate
13 in a provider network arrangement, may have an unknown and
14 potentially detrimental impact on patients' access to health
15 care services and on the quality of health care services
16 provided.

17 4. Compelling health care providers to provide health care
18 services under a health insurance plan, or to participate in a
19 provider network arrangement, may also threaten the financial
20 viability of health care providers by requiring that health
21 care providers assume unpredictable business risk, a concern
22 that is particularly acute when health insurers aggressively
23 require health care providers to assume financial risk for
24 health care costs, often under untested methodologies.

25 Sec. 2. NEW SECTION. 514M.1 Title.

26 This chapter shall be known and may be cited as the "*Health*
27 *Care Providers' Choice of Health Insurance Plan and Network Act*".

28 Sec. 3. NEW SECTION. 514M.2 Definitions.

29 As used in this chapter, unless the context otherwise
30 requires:

31 1. "*American health benefits exchange*" means the exchange
32 created pursuant to the Affordable Care Act, as defined in
33 section 249N.2.

34 2. "*Health care provider*" means the same as defined in
35 section 135.61, a hospital licensed pursuant to chapter 135B,

1 or a health care facility licensed pursuant to chapter 135C.

2 3. "*Health insurance plan*" means any policy or contract
3 of insurance, indemnity, subscription, or membership issued
4 by an insurer, health service corporation, health maintenance
5 organization, or any similar corporation, organization, or a
6 self-insured employee benefit plan, for the purpose of covering
7 medical expenses. These expenses may include but are not
8 limited to hospital, surgical, major medical insurance, dental,
9 optical, prescription drugs, office visits, or any combination
10 of these or any other comparable health care expenses. "*Health*
11 *insurance plan*" includes all health insurance plans offered in
12 the American health benefits exchange.

13 4. "*Health insurer*" means a carrier, as defined in section
14 513B.2, and includes an entity or person that offers or
15 administers a health insurance plan in this state or contracts
16 with a health care provider to furnish specified health care
17 services to enrollees under a health insurance plan.

18 5. "*Provider network*" means health care providers with whom
19 a health insurer contracts to provide health care services to
20 a specified group of enrollees under a health insurance plan
21 offered in this state.

22 Sec. 4. NEW SECTION. 514M.3 **Contract requirements**
23 **prohibited.**

24 1. A health insurer shall not require, as a condition
25 of contracting with the health insurer, that a health care
26 provider provide health care services under all health
27 insurance plans offered or sponsored by, or affiliated with,
28 the health insurer or to participate in all provider network
29 arrangements offered or sponsored by, or affiliated with, the
30 health insurer.

31 2. A health insurer shall not require, as a condition
32 of contracting with the health insurer, that a health care
33 provider provide health care services under any health
34 insurance plan offered or sponsored by, or affiliated with, the
35 health insurer, to which the health care provider did not agree

1 to provide health care services at the time that the health
2 care provider initially entered into a contract with the health
3 insurer.

4 3. A health insurer shall not require, as a condition
5 of contracting with the health insurer, that a health care
6 provider participate in any provider network arrangement to
7 which the health care provider did not agree to participate at
8 the time that the health care provider initially entered into a
9 contract with the health insurer.

10 Sec. 5. NEW SECTION. 514M.4 Contract termination
11 prohibited.

12 1. A health insurer shall not terminate any contractual
13 relationship with a health care provider on the grounds that
14 the health care provider refused to agree to provide health
15 care services under a health insurance plan to which the health
16 care provider did not agree to provide services under that
17 health insurance plan at the time that the health care provider
18 initially entered into a contract with the health insurer.

19 2. A health insurer shall not terminate any contractual
20 relationship with a health care provider on the grounds that
21 the health care provider refused to agree to participate in a
22 provider network arrangement to which the health care provider
23 did not agree to participate at the time that the health care
24 provider initially entered into a contract with the health
25 insurer.

26 Sec. 6. NEW SECTION. 514M.5 Waiver prohibited.

27 The provisions of this chapter shall not be waived by
28 contract and any contractual arrangement that is in conflict
29 with the provisions of this chapter or that purports to waive
30 any requirements of this chapter is null and void.

31 Sec. 7. NEW SECTION. 514M.6 Penalties.

32 A health insurer that fails to comply with the provisions
33 of this chapter is subject, upon notice and hearing, to a
34 civil fine not to exceed one thousand dollars per day for each
35 violation.

1 Sec. 8. NEW SECTION. **514M.7 Rules.**

2 The commissioner of insurance shall adopt rules pursuant to
3 chapter 17A to administer this chapter.

4 Sec. 9. NEW SECTION. **514M.8 Severability.**

5 If any provision of this chapter or the application
6 thereof to any person or circumstances is held invalid, the
7 invalidity shall not affect other provisions or applications
8 of the chapter which can be given effect without the invalid
9 provisions or application and, to this end, the provisions of
10 this chapter are severable.

11 Sec. 10. **EFFECTIVE UPON ENACTMENT.** This Act, being deemed
12 of immediate importance, takes effect upon enactment.

13 Sec. 11. **APPLICABILITY.** This chapter is applicable to a
14 contract between a health insurer and a health care provider
15 that is issued, amended, or renewed on or after July 1, 2016.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with
18 the explanation's substance by the members of the general assembly.

19 This bill creates the health care providers' choice of
20 health insurance plan and network Act. The bill includes
21 legislative findings that, in markets where health insurers
22 possess market power, that power may be used to compel
23 health care providers to provide health care services under a
24 health insurance plan or to participate in a provider network
25 arrangement that a health provider might not otherwise choose
26 to provide services under or participate in, may have a
27 detrimental impact on patients' access to health care services
28 or the quality of health care services provided, or may
29 threaten the financial viability of health care providers.

30 The bill creates new Code chapter 514M which prohibits a
31 health insurer from requiring, as a condition of contracting
32 with the health insurer, that a health care provider provide
33 health care services under all health insurance plans offered
34 by the insurer.

35 The bill prohibits a health insurer from requiring a health

1 care provider to provide health care services under any health
2 insurance plan offered by the insurer or to participate in any
3 provider network arrangement that the health care provider did
4 not agree to at the time that the provider initially entered
5 into a contract with the insurer. The bill prohibits a health
6 insurer from terminating a contractual relationship with a
7 health care provider because the provider refused to agree to
8 provide health care services under a health insurance plan or
9 participate in a provider network arrangement that the provider
10 did not agree to at the time of entering into the contract.

11 The bill provides that the provisions of new Code chapter
12 514M cannot be waived, a health insurer that fails to comply
13 with the requirements of the new Code chapter is subject to a
14 civil fine not to exceed \$1,000 per day for each violation of
15 the Code chapter, and the provisions of the new Code chapter
16 are severable if any provision or application of the Code
17 chapter is held invalid. The commissioner of insurance is
18 directed to adopt rules to administer the new Code chapter.

19 The bill is effective upon enactment and is applicable to
20 contracts between health insurers and health care providers
21 that are issued, amended, or renewed on or after July 1, 2016.