

House Study Bill 638 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON LUNDGREN)

A BILL FOR

1 An Act relating to contracts and payments for dental care
2 service plans.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 514C.3C Dental care service plan
2 contracts.

3 1. *Definitions.* As used in this section unless the context
4 otherwise provides:

5 a. "*Commissioner*" means the commissioner of insurance.

6 b. "*Contracting entity*" means any person, third-party
7 administrator, health carrier, or dental carrier that enters
8 into a contract with a dental care provider for the delivery
9 of dental care services.

10 c. "*Covered person*" means a policyholder, subscriber,
11 enrollee, or other individual participating in a dental care
12 service plan or health benefit plan that provides for dental
13 care services.

14 d. "*Dental care provider*" means any person licensed to
15 practice dentistry pursuant to chapter 153, and who provides
16 dental care services pursuant to a dental care service plan or
17 health benefit plan.

18 e. "*Dental care service plan*" means a policy, contract,
19 plan, certificate, or agreement that provides for third-party
20 payment or prepayment of dental care services and that is
21 delivered or issued for delivery by or through a dental carrier
22 on a stand-alone basis. "*Dental care service plan*" includes a
23 health benefit plan that provides for dental care services.

24 f. "*Dental care services*" means the same as defined in
25 section 514J.102. "*Dental care services*" does not include
26 services that are billed as medical expenses under a health
27 benefit plan.

28 g. "*Dental carrier*" means an entity subject to the
29 insurance laws and regulations of this state, or subject to
30 the jurisdiction of the commissioner, including an insurance
31 company offering dental care service plans, or any other entity
32 that provides a dental care service plan.

33 h. "*Dental service contractor*" means any person who accepts
34 a prepayment from, or for the benefit of, another person as
35 consideration for the provision of future dental care services.

1 *"Dental service contractor"* does not include a dental care
2 provider that accepts prepayment on a fee-for-service basis for
3 providing specific dental services to individual patients for
4 whom such services have been prediagnosed.

5 *i. "Dentist agent"* means a person that contracts with
6 a dental care provider to establish an agency relationship
7 for purposes of processing bills for services provided by
8 the dental care provider under the terms and conditions
9 of a contract between the dentist agent and a health care
10 provider. A contract between a dentist agent and a health care
11 provider may permit the dentist agent to submit bills, request
12 reconsideration, and receive reimbursement.

13 *j. "Health benefit plan"* means the same as defined in
14 section 514J.102.

15 *k. "Health carrier"* means the same as defined in section
16 514J.102.

17 *l. "Network contract"* means a contract between a contracting
18 entity and a dental care provider that specifies the rights and
19 responsibilities of the contracting entity and provides for the
20 delivery and payment of dental services to a covered person.

21 *m. "Third party"* means a person, not including a covered
22 person, that enters into a contract with a contracting entity
23 to access the dental services or contractual discounts of a
24 network contract. *"Third party"* does not include an employer or
25 other group for whom the dental carrier or contracting entity
26 provides administrative services.

27 *n. "Virtual credit card payment"* means an electronic funds
28 transfer in which a dental care service plan, or a contracted
29 vendor, issues a single-use series of numbers associated with
30 the payment of dental care services performed by a dental care
31 provider and chargeable to a predetermined dollar amount, where
32 the dental care provider is responsible for processing the
33 payment by a credit card terminal or internet portal. *"Virtual
34 credit card payment"* includes only electronic or virtual credit
35 card payments, where no physical credit card is used and

1 the single-use electronic credit card expires upon payment
2 processing.

3 2. *Third-party access to network contracts.*

4 a. A contracting entity may grant a third party access
5 to a network contract, or to a dental care provider's dental
6 care services or contractual discounts provided pursuant to a
7 network contract, if all of the following requirements are met:

8 (1) If the contracting entity is a dental carrier or health
9 carrier, at the time the network contract is entered into,
10 renewed, or material modifications relevant to granting access
11 to a third party are made, the contracting entity allows any
12 dental care provider that is part of the contracting entity's
13 network contract to choose not to participate in third-party
14 access to the network contract, or to enter into a contract
15 directly with the third party. A contracting entity shall not
16 cancel or terminate a contractual relationship with, or refuse
17 to contract with, a dental care provider who chooses not to
18 participate in third-party access to the network contract.

19 (2) The network contract specifically states that the
20 contracting entity may enter into an agreement with a third
21 party to allow the third party to obtain the contracting
22 entity's rights and responsibilities under the network
23 contract as if the third party were the contracting entity.
24 If the contracting entity is a dental carrier, the network
25 contract must specifically state that the dental care provider
26 may choose not to participate in third-party access to the
27 network contract, and that the dental care provider chose to
28 participate in third-party access at the time the network
29 contract was entered into or renewed.

30 (3) The third party accessing the network contract agrees to
31 comply with all of the network contract's terms.

32 (4) The contracting entity identifies to the dental care
33 provider, in writing, all third parties participating in the
34 network contract as of the date the network contract is entered
35 into or renewed.

1 (5) The contracting entity provides a list of all
2 third parties participating in the network contract on the
3 contracting entity's internet site and the list of third
4 parties is updated at least once every ninety days.

5 (6) The contracting entity notifies a dental care provider
6 under the network contract at least ninety days prior to a new
7 third party leasing or purchasing the network contract.

8 (7) The contracting entity requires a third party to
9 identify, for all remittance advice or explanations of payment
10 under which a discount applies, the source of the discount.
11 This subparagraph does not apply to an electronic transaction
12 mandated by the federal Health Insurance Portability and
13 Accountability Act of 1996, Pub. L. No. 104-191.

14 (8) The contracting entity notifies a third party of the
15 termination of a network contract no later than thirty days
16 prior to the termination date of the network contract.

17 (9) A third party's right to a dental care provider's
18 discounted rate is terminated as of the termination date of the
19 network contract.

20 (10) In the adjudication of a claim under the network
21 contract, the contracting entity makes available to the
22 dental care provider a copy of the network contract no later
23 than thirty days after a request for the network contract is
24 received.

25 *b.* This section shall not apply to access to a network
26 contract provided to a third party that is either an affiliate
27 of, or operating under the same brand licensing as, the
28 contracting entity. A contracting entity shall provide a list
29 of all affiliates on the contracting entity's internet site.

30 *c.* No dental care provider shall be bound by, or required to
31 perform, dental care services under a network contract that has
32 been granted to a third party in violation of this section.

33 3. *Dental care service plans — method of payment.*

34 *a.* A dental care service plan shall not require payments
35 to be made to dental care providers by virtual credit card

1 payment.

2 *b.* A dental care service plan, when making payments to a
3 dental care provider via virtual credit card payments, shall
4 do all of the following:

5 (1) Notify the dental care provider of any fees associated
6 with each payment method.

7 (2) Inform the dental care provider of the available options
8 for methods of payment and provide clear instructions to the
9 dental care provider for the selection of an alternative
10 payment method.

11 *c.* A dental care service plan that transmits payments to
12 a dental care provider in accordance with the standards of 45
13 C.F.R. §162.1601 and 162.1602 shall not charge a fee for the
14 transmission of the payment to the dental care provider unless
15 the dental care provider has consented to payment of the fee.
16 When transmitting a national automated clearinghouse payment,
17 a dentist agent may charge a reasonable fee related to bank
18 transmittal, transaction management, data management, portal
19 services, and other value-added services.

20 4. *Waiver prohibited.* The requirements of this section
21 shall not be waived by contract. Any contractual arrangement
22 contrary to this section shall be null and void.

23 5. *Rules.* The commissioner shall adopt rules pursuant to
24 chapter 17A to administer this chapter.

25

EXPLANATION

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

28 This bill relates to contracts and payments for dental care
29 service plans.

30 The bill permits a contracting entity to grant third-party
31 access to a network contract (contract), or to a dental care
32 provider's (provider) dental care services or contractual
33 discounts provided pursuant to a contract, if all of the
34 following requirements are met: (1) the contracting entity
35 allows a dental carrier or health carrier, at the time the

1 contract is entered into, renewed, or modified, to choose
2 not to participate in third-party access or to enter into
3 a contract directly with the third party; (2) the contract
4 states that the contracting entity may enter into an agreement
5 to allow the third party to obtain the contracting entity's
6 rights and responsibilities under the contract; (3) the third
7 party agrees to comply with all of the contract's terms; (4)
8 the contracting entity identifies to the provider all third
9 parties participating in the contract when it is entered
10 into or renewed; (5) the contracting entity provides a list
11 of all third parties participating in the contract on the
12 contracting entity's internet site and the list is updated at
13 least once every 90 days; (6) the contracting entity notifies a
14 provider at least 90 days prior to a new third party leasing or
15 purchasing the contract; (7) the contracting entity requires
16 a third party to identify, for all remittance advice or
17 explanations of payment under which a discount applies, the
18 source of the discount; (8) the contracting entity notifies
19 a third party no later than 30 days prior to the termination
20 date of the contract; (9) a third party's right to a provider's
21 discounted rate is terminated as of the termination date of
22 the contract; and (10) in the adjudication of a claim, the
23 contracting entity makes available to the provider a copy of
24 the contract no later than 30 days after a request for the
25 contract is received. "Contracting entity", "dental care
26 provider", "network contract", "third party", "dental carrier",
27 and "health carrier" are defined in the bill. The bill
28 prohibits a contracting entity from canceling, terminating, or
29 refusing to form a contractual relationship with a provider
30 that chooses not to participate in third-party access. A
31 provider shall not be bound by, or required to perform,
32 dental care services under a contract that has been granted in
33 violation of the bill.

34 The bill prohibits a dental care service plan from requiring
35 payments to be made to a provider by virtual credit card

1 payment. "Virtual credit card payment" is defined in the bill.
2 If a dental care service plan pays a provider via virtual
3 credit card payment, the dental care service plan is required
4 to notify the provider of any fees associated with each
5 payment method, inform the provider of the available options
6 for methods of payment, and provide clear instructions to the
7 provider for the selection of an alternative payment method. A
8 dental care service plan that transmits payments to a provider
9 in accordance with the standards of 45 C.F.R. §162.1601 and
10 162.1602 shall not charge a fee for the transmission unless
11 the provider has consented to payment of the fee. A dentist
12 agent that transmits payments through the national automated
13 clearinghouse may charge a reasonable fee related to bank
14 transmittal, transaction management, data management, portal
15 services, and other value-added services.

16 The requirements of the bill may not be waived by contract,
17 and any contract contrary to the bill shall be null and void.

18 The commissioner of insurance shall adopt rules to
19 administer the bill.