

960668408

HOUSE BILL NO. 1393

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Corporations, Insurance and Banking
on February 9, 1996)

(Patron Prior to Substitute—Delegate Plum)

A BILL to amend and reenact §§ 38.2-4214, 38.2-4319, and 38.2-4509 of the Code of Virginia and to amend the Code of Virginia by adding in Article 1 of Chapter 34 of Title 38.2 a section numbered 38.2-3407.10, relating to accident and sickness insurance; health care provider panels.

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-4214, 38.2-4319 and 38.2-4509 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 1 of Chapter 34 of Title 38.2 a section numbered 38.2-3407.10 as follows:

§ 38.2-3407.10. Health care provider panels.

A. As used in this section:

"Carrier" means:

1. Any insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense incurred basis;
2. Any corporation providing individual or group accident and sickness subscription contracts;
3. Any health maintenance organization providing health care plans for health care services;
4. Any corporation offering prepaid dental or optometric services plans; or
5. Any other person or organization that provides health benefit plans subject to state regulation, and includes an entity that arranges a provider panel for compensation.

"Enrollee" means any person entitled to health care services from a carrier.

"Provider" means a hospital, physician or any type of provider licensed, certified or authorized by statute to provide a covered service under the health benefit plan.

"Provider panel" means those providers with which a carrier contracts to provide health care services to the carrier's enrollees under the carrier's health benefit plan. However, such term does not include an arrangement between a carrier and providers in which any provider may participate solely on the basis of the provider's contracting with the carrier to provide services at a discounted fee-for-service rate.

B. Any such carrier which offers a provider panel shall establish and use it in accordance with the following requirements:

1. Notice of the development of a provider panel in the Commonwealth or local service area shall be filed with the Department of Health Professions.
2. Carriers shall provide a provider application and the relevant terms and conditions to a provider upon request.

C. A carrier that uses a provider panel shall establish procedures for:

1. Notifying an enrollee of:
 - a. The termination from the carrier's provider panel of the enrollee's primary care provider who was furnishing health care services to the enrollee; and
 - b. The right of an enrollee upon request to continue to receive health care services for a period of up to sixty days from the date of the primary care provider's notice of termination from a carrier's provider panel, except when a provider is terminated for cause.

2. Notifying a provider at least sixty days prior to the date of the termination of the provider, except when a provider is terminated for cause.

3. Providing reasonable notice to primary care providers in the carrier's provider panel of the termination of a specialty referral services provider.

4. Notifying the purchaser of the health benefit plan, whether such purchaser is an individual or an employer providing a health benefit plan, in whole or in part, to its employees and enrollees of the health benefit plan of:

a. Any financial arrangements which affect the amount or type of health care services which can be provided; and

b. The terms of the plan in clear and understandable language which reasonably informs the purchaser of the practical application of such terms in the operation of the plan.

D. Whenever a provider voluntarily terminates his contract with a carrier to provide health care services to the carrier's enrollees under a health benefit plan, he shall furnish reasonable notice of such termination to his patients who are enrollees under such plan.

E. A carrier may not deny an application for participation or terminate participation on its provider panel on the basis of gender, race, age, religion or national origin.

60 *F. 1. For a period of at least sixty days from the date of the notice of a provider's termination from*
61 *the carrier's provider panel, except when a provider is terminated for cause, the provider shall be*
62 *permitted by the carrier to render health care services to any of the carrier's enrollees who:*

- 63 *a. Were in an active course of treatment from the provider prior to the notice of termination; and*
64 *b. Request to continue receiving health care services from the provider.*

65 *2. A carrier shall reimburse a provider under this subsection in accordance with the carrier's*
66 *agreement with the providers.*

67 *G. 1. A carrier shall provide to a purchaser prior to enrollment and to existing enrollees at least*
68 *once a year a list of members in its provider panel, which list shall also indicate those providers who*
69 *are not currently accepting new patients.*

70 *2. The information provided under subdivision 1 shall be updated at least once a year.*

71 *H. No contract between a carrier and a provider may require that the provider indemnify the carrier*
72 *for the carrier's negligence, willful misconduct, or breach of contract, if any.*

73 *I. No contract between a carrier and a provider shall require a provider, as a condition of*
74 *participation on the panel, to waive any right to seek legal redress against the carrier.*

75 *J. No contract between a carrier and a provider shall prohibit, impede or interfere in the discussion*
76 *of medical treatment options between a patient and a provider.*

77 *K. A contract between a carrier and a provider shall permit and require the provider to discuss*
78 *medical treatment options with the patient.*

79 *L. The Commission shall have no jurisdiction to adjudicate controversies arising out of this section.*

80 *§ 38.2-4214. Application of certain provisions of law.*

81 *No provision of this title except this chapter and, insofar as they are not inconsistent with this*
82 *chapter, §§ 38.2-200, 38.2-203, 38.2-210 through 38.2-213, 38.2-218 through 38.2-225, 38.2-230,*
83 *38.2-232, 38.2-316, 38.2-322, 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600*
84 *through 38.2-620, 38.2-700 through 38.2-705, 38.2-900 through 38.2-904, 38.2-1017, 38.2-1018,*
85 *38.2-1038, 38.2-1040 through 38.2-1044, Articles 1 (§ 38.2-1300 et seq.) and 2 (§ 38.2-1306.2 et seq.)*
86 *of Chapter 13, 38.2-1312, 38.2-1314, 38.2-1317 through 38.2-1328, 38.2-1334, 38.2-1340, 38.2-1400*
87 *through 38.2-1444, 38.2-1800 through 38.2-1836, 38.2-3400, 38.2-3401, 38.2-3404, 38.2-3405,*
88 *38.2-3405.1, 38.2-3407.1 through 38.2-3407.6, 38.2-3407.9, 38.2-3407.10, 38.2-3409, 38.2-3411 through*
89 *38.2-3419.1, 38.2-3425 through 38.2-3429, 38.2-3431, 38.2-3432, 38.2-3500, 38.2-3501, 38.2-3502,*
90 *38.2-3514.1, 38.2-3516 through 38.2-3520 as they apply to Medicare supplement policies, §§ 38.2-3525,*
91 *38.2-3540.1, 38.2-3541, 38.2-3542, 38.2-3600 through 38.2-3607 and Chapter 53 (§ 38.2-5300 et seq.) of*
92 *this title shall apply to the operation of a plan.*

93 *§ 38.2-4319. Statutory construction and relationship to other laws.*

94 *A. No provisions of this title except this chapter and, insofar as they are not inconsistent with this*
95 *chapter, §§ 38.2-100, 38.2-200, 38.2-210 through 38.2-213, 38.2-218 through 38.2-225, 38.2-229,*
96 *38.2-232, 38.2-316, 38.2-322, 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600*
97 *through 38.2-620, Chapter 9 (§ 38.2-900 et seq.) of this title, 38.2-1057, 38.2-1306.2 through 38.2-1309,*
98 *Article 4 (§ 38.2-1317 et seq.) of Chapter 13, 38.2-1800 through 38.2-1836, 38.2-3401, 38.2-3405,*
99 *38.2-3405.1, 38.2-3407.2 through 38.2-3407.6, 38.2-3407.9, 38.2-3407.10, 38.2-3411.2, 38.2-3418.1,*
100 *38.2-3418.1.1, 38.2-3418.2, 38.2-3419.1, 38.2-3431, 38.2-3432, 38.2-3433, 38.2-3500, 38.2-3514.1,*
101 *38.2-3525, 38.2-3542, and Chapter 53 (§ 38.2-5300 et seq.) of this title shall be applicable to any health*
102 *maintenance organization granted a license under this chapter. This chapter shall not apply to an insurer*
103 *or health services plan licensed and regulated in conformance with the insurance laws or Chapter 42*
104 *(§ 38.2-4200 et seq.) of this title except with respect to the activities of its health maintenance*
105 *organization.*

106 *B. Solicitation of enrollees by a licensed health maintenance organization or by its representatives*
107 *shall not be construed to violate any provisions of law relating to solicitation or advertising by health*
108 *professionals.*

109 *C. A licensed health maintenance organization shall not be deemed to be engaged in the unlawful*
110 *practice of medicine. All health care providers associated with a health maintenance organization shall*
111 *be subject to all provisions of law.*

112 *D. Notwithstanding the definition of an eligible employee as set forth in § 38.2-3431, a health*
113 *maintenance organization providing health care plans pursuant to § 38.2-3431 shall not be required to*
114 *offer coverage to or accept applications from an employee who does not reside within the health*
115 *maintenance organization's service area.*

116 *§ 38.2-4509. Application of certain laws.*

117 *A. No provision of this title except this chapter and, insofar as they are not inconsistent with this*
118 *chapter, §§ 38.2-200, 38.2-210 through 38.2-213, 38.2-218 through 38.2-225, 38.2-229, 38.2-316,*
119 *38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600 through 38.2-620, 38.2-900*
120 *through 38.2-904, 38.2-1038, 38.2-1040 through 38.2-1044, Articles 1 (§ 38.2-1300 et seq.) and 2*
121 *(§ 38.2-1306.2 et seq.) of Chapter 13, 38.2-1312, 38.2-1314, Article 4 (§ 38.2-1317 et seq.) of Chapter*

122 13, 38.2-1400 through 38.2-1444, 38.2-1800 through 38.2-1836, 38.2-3401, 38.2-3404, 38.2-3405,
123 38.2-3407.10, 38.2-3415, 38.2-3541, and 38.2-3600 through 38.2-3603 shall apply to the operation of a
124 plan.

125 B. The provisions of subsection A of § 38.2-322 shall apply to an optometric services plan. The
126 provisions of subsection C of § 38.2-322 shall apply to a dental services plan.

127 **2. That the Joint Commission on Health Care, in cooperation with the State Corporation**
128 **Commission's Bureau of Insurance and the Division of Legislative Services, shall study the need to**
129 **require a point-of-service feature which would allow an enrollee the option to receive health care**
130 **services outside the provider panel. The Joint Commission shall report its findings and**
131 **recommendations to the Governor and the 1997 Session of the General Assembly by December 1,**
132 **1997.**