

BILL ANALYSIS

H.B. 2657
By: Zerwas
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties assert that it is not an uncommon practice for some insurance carriers to intimidate physicians into referring patients only to in-network providers in order to avoid higher out-of-network costs, sometimes going so far as to cancel the contracts of physicians who refer patients to specific out-of-network providers, a practice that is sometimes referred to as "de-listing." These parties observe that although a de-listed physician has the option of seeking reinstatement through legal action, the pursuit of individual cases of de-listing is a cost-prohibitive, impractical, and inconsistent manner in which to address this issue. H.B. 2657 seeks to clearly prohibit insurance carriers from engaging in such practices.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2657 amends the Insurance Code to prohibit a health maintenance organization from terminating participation of a physician or provider solely because the physician or provider informs an enrollee of the full range of physicians and providers, including out-of-network providers, available to the enrollee. The bill prohibits a health maintenance organization from prohibiting, attempting to prohibit, or discouraging a physician, dentist, or provider, as a condition of a contract, from discussing with or communicating in good faith with a current, prospective, or former patient, or a person designated by a patient, with respect to information regarding the availability of facilities, both in-network and out-of-network, for the treatment of the patient's medical condition.

H.B. 2657 prohibits an insurer from terminating or threatening to terminate an insured's participation in a preferred provider benefit plan solely because the insured uses an out-of-network provider. The bill prohibits an insurer from prohibiting, attempting to prohibit, penalizing, terminating, or otherwise restricting, in any manner, a preferred provider from communicating with an insured about the availability of out-of-network providers for the provision of the insured's medical or health care services. The bill prohibits an insurer from terminating the contract of or otherwise penalizing a preferred provider solely because the provider's patients use out-of-network providers for medical or health care services. The bill authorizes an insurer's contract with a preferred provider to require that, except in a case of medical emergency as determined by the preferred provider, before the provider may make an out-of-network referral for an insured, the preferred provider inform the insured whether the preferred provider has a financial interest in the out-of-network provider and inform the insured that the insured may choose a preferred provider or an out-of-network provider and that the insured may incur higher out-of-pocket expenses if the insured chooses the out-of-network provider.

H.B. 2657 requires an insurer, on request, to provide to a practitioner whose participation in a

preferred provider benefit plan is being terminated all information on which the insurer wholly or partly based the termination, including the economic profile of the preferred provider, the standards by which the provider is measured, and the statistics underlying the profile and standards.

H.B. 2657 applies only to an insurance policy, insurance or health maintenance organization contract, or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2014, but the bill's provisions relating to protected provider communications, provider contracts, and termination of provider participation apply to a contract between a health maintenance organization or preferred provider benefit plan issuer and a physician or health care provider that is entered into or renewed on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2013.