

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 74

BY BUSINESS COMMITTEE

AN ACT

RELATING TO THE MANAGED CARE REFORM ACT; AMENDING SECTION 41-3902, IDAHO CODE, TO PROVIDE FURTHER LEGISLATIVE INTENT; AMENDING SECTION 41-3927, IDAHO CODE, TO PROVIDE CERTAIN CONTRACTUAL OBLIGATIONS OF A MANAGED CARE ORGANIZATION; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-3902, Idaho Code, be, and the same is hereby amended to read as follows:

41-3902. INTENT AND PURPOSE. As a guide to the interpretation and application of this chapter, the public policy of this state is declared as follows: The legislature wishes to eliminate legal barriers to the establishment of managed care plans which provide readily available, accessible and quality health care to their members and to encourage their development as an optional method of health care delivery. The state of Idaho must have reasonable assurance that organizations offering managed care plans within this state are financially and administratively sound and responsive to the needs of their members, and that such organizations are, in fact, able to deliver the benefits which they offer.

It is further the intent of the legislature that managed care organizations offering managed health care plans within this state offer their members, to the maximum extent possible, the right to select the member's own treatment provider, subject only to the provider's willingness and ability to comply with the basic statutory requirements.

SECTION 2. That Section 41-3927, Idaho Code, be, and the same is hereby amended to read as follows:

41-3927. HEALTH CARE PROVIDERS – PARTICIPATION BY ANY QUALIFIED, WILLING PROVIDER – CONTRACTS – GRIEVANCE PROCEDURE. (1) Any managed care organization issuing benefits pursuant to the provisions of this chapter shall be ready and willing at all times to enter into care provider service agreements with all qualified providers of the category or categories which are necessary to provide the health care services covered by an organization if the health care providers: are qualified under the laws of the state of Idaho, desire to become participant providers of the organization, meet the requirements of the organization, and practice within the general area served by the organization.

(2) Nothing in this section shall preclude an organization from refusing to contract with a provider who is unqualified or who does not meet the terms and conditions of the organization's participating provider contract or from terminating or refusing to renew the contract of a health care provider who is unqualified or who does not comply with, or who refuses to comply with, the terms and conditions of the participating provider contract including, but not limited to, practice standards and quality requirements. The contract shall

1 provide for written notice to the participating health care provider setting forth any breach of  
2 contract for which the organization proposes that the contract be terminated or not renewed and  
3 shall provide for a reasonable period of time for the participating health care provider to cure  
4 such breach prior to termination or nonrenewal. If the breach has not been cured within such  
5 period of time the contract may be terminated or not renewed. Provided however, that if the  
6 breach of contract for which the organization proposes that the contract be terminated or not  
7 renewed is a willful breach, fraud or a breach which poses an immediate danger to the public  
8 health or safety, the contract may be terminated or not renewed immediately.

9 (3) Notwithstanding the provisions of subsections (1) and (2) of this section, if a  
10 managed care organization contracts with a group or network of providers or any other  
11 organization to act as its contracting agent and such group, network or organization does  
12 not comply with the requirements of subsection (1) of this section, then the managed care  
13 organization may not decline to contract with a qualified provider on the grounds that the  
14 provider is not under contract with the contracting group, network or organization or does not  
15 offer all of the services obtained through the contracting group, network or organization.

16 (4) Every managed care organization issuing benefits pursuant to this chapter shall  
17 establish a grievance system for providers. Such grievance system shall provide for arbitration  
18 according to chapter 9, title 7, Idaho Code, or for such other system which provides reasonable  
19 due process provisions for the resolution of grievances and the protection of the rights of the  
20 parties.

21 (45) No managed care organization may require as an element of any provider contract  
22 that any person agree:

23 (a) To deny a member access to services not covered by the managed care plan if the  
24 member is informed that he will be responsible to pay for the noncovered services and the  
25 member nonetheless desires to obtain such services;

26 (b) To refrain from treating a member even at that member's request and expense if  
27 the provider had been, but is no longer, a contracting provider under the managed care  
28 plan and the provider has notified the member that the provider is no longer a contracting  
29 provider under the managed care plan;

30 (c) To the unnegotiated adjustment by the managed care organization of the provider's  
31 contractual reimbursement rate to equal the lowest reimbursement rate the provider has  
32 agreed to charge any other payor;

33 (d) To a requirement that the provider adjust, or enter into negotiations to adjust, his  
34 or her charges to the managed care organization if the provider agrees to charge another  
35 payor lower rates; or

36 (e) To a requirement that the provider disclose his or her contractual reimbursement rates  
37 from other payors.

38 (56) A managed care organization shall not refuse to contract with or compensate for  
39 covered services an otherwise eligible provider or nonparticipating provider solely because the  
40 provider has in good faith communicated with one (1) or more current, former, or prospective  
41 patient regarding the provisions, terms or requirements of the organization's products as they  
42 relate to the needs of the provider's patients.

43 (67) As part of a provider contract, a managed care organization may require a provider  
44 to indemnify and hold harmless the managed care organization under certain circumstances so  
45 long as the managed care organization also agrees to indemnify and hold harmless the provider  
46 under comparable circumstances.

1           (~~7~~8) On request and within a reasonable time, a managed care organization shall make  
2 available to any party to a provider contract any documents referred to or adopted by reference  
3 in the contract except for information which is proprietary or a trade secret or confidential  
4 personnel records.

5           (~~8~~9) A managed care organization shall permit a contracting provider who is practicing  
6 in conformity with community standards to advocate for his patient without being subject to  
7 termination or penalty for the sole reason of such advocacy.

8           (~~9~~10) Subsections (1) and (2) of this section shall apply to provider participation contracts  
9 entered into after July 1, 1994.

10           SECTION 3. An emergency existing therefor, which emergency is hereby declared to  
11 exist, this act shall be in full force and effect on and after its passage and approval.