



David Fogarty

*Bill Analysis*  
Legislative Service Commission

## **H.B. 461**

123rd General Assembly  
(As Introduced)

**Reps. Van Vyven, Schuring, Hood, Allen, Tiberi**

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### **BILL SUMMARY**

- Prohibits health insuring corporations, sickness and accident insurers, and third-party administrators from using "most favored nation" clauses when contracting with providers or health care facilities.

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### **CONTENT AND OPERATION**

#### **Most favored nation clauses**

The bill prohibits health insuring corporations, sickness and accident insurers, and third-party administrators from using "most favored nation" clauses when contracting with providers or health care facilities.

#### **Health insuring corporations**

(sec. 1751.13)

In the case of a health insuring corporation, the bill provides that no health insuring corporation contract with a provider or health care facility may contain any provision that does either of the following:

(1) Requires the provider or health care facility to charge any other third-party payer a rate that is equal to or more than the rate the provider or health care facility charges the health insuring corporation;

(2) Requires the provider or health care facility to charge the health insuring corporation a rate that is equal to or less than the lowest rate the provider or health care facility charges any other third-party payer.

The bill provides that nothing in it is not to be construed to prohibit a health insuring corporation from negotiating with any provider or health care facility for, or obtaining from any provider or health care facility, any rate arrangement, reimbursement level, or payment methodology.

**Sickness and accident insurers and third-party administrators**

(secs. 3923.85 and 3959.141)

In the case of a sickness and accident insurer or third-party administrator, the bill provides that no insurer and no third-party administrator that is adjusting or settling claims in connection with health insurance programs may adopt, maintain, or enforce a policy, practice, rule, or contractual provision that has the purpose or effect of either of the following:

(1) Requiring a provider or health care facility to charge any other third-party payer a rate that is equal to or more than the rate the provider or health care facility charges the insurer or the third-party payer associated with the administrator;

(2) Requiring a provider or health care facility to charge the insurer or third-party payer associated with the administrator a rate that is equal to or less than the lowest rate the provider or health care facility charges any other third-party payer.

The bill provides that nothing in it is to be construed to prohibit an insurer or administrator from negotiating with any provider or health care facility for, or obtaining from any provider or health care facility, any rate arrangement, reimbursement level, or payment methodology.

**Definitions**

In the case of a health insuring corporation, insurer, or third-party administrator, "provider" is defined for purposes of the bill as (1) any natural person or partnership of natural persons who are licensed, certified, accredited, or otherwise authorized in Ohio to furnish health care services or (2) any professional association organized under Ohio law. "Health care facility" is defined as any facility, except a health care practitioner's office, that provides preventative, diagnostic, therapeutic, acute convalescent, rehabilitation, mental health, mental retardation, intermediate care, or skilled nursing services. The definitions of "provider" and "health care facility" are the same as in the current law regulating health insuring corporations.

"Third party payer" is defined in the bill as any nongovernmental entity that pays for all or part of the expenses for health care services provided by a provider or health care facility to another person or group of persons.

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	09-28-99	p. 1229

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