



Greg Schwab

## *Bill Analysis*

Legislative Service Commission

### **H.B. 584**

123rd General Assembly  
(As Introduced)

**Reps. Tiberi, R. Miller, Terwilleger, Taylor, Evans, Britton, D. Miller, Jordan, Netzley, Gerberry, Coughlin, Jolivette, Cates, Metzger, Metelsky, Callender, Patton, Vesper, Young, Clancy, Grendell, Peterson, Olman, Gardner, DePiero, Calvert, Corbin, Carey, Willamowski, Hartnett, Mead, Logan, Austria, Stapleton, Stevens, Krupinski, Aslanides, Schuler, Verich, Ogg, Amstutz, Wilson, Buchy**

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### **BILL SUMMARY**

- Requires all closed panel plans offered by health insuring corporations to allow enrollees to use nonparticipating providers, and limits the expenses that may be imposed on the enrollees using these providers.
- Extends a copayment limitation currently applicable only to basic health care services to all health care services covered by a health insuring corporation.

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### **CONTENT AND OPERATION**

#### **Changes to closed panel plans offered by health insuring corporations**

(secs. 1751.09 and 1751.092)

Current law defines a "closed panel plan," for purposes of the Health Insuring Corporation Law, as a health care plan that requires enrollees to use participating providers (sec. 1751.01(D)).

The bill prohibits a health insuring corporation from offering a closed panel plan unless it meets the following requirements:

- (1) The plan must allow enrollees to use nonparticipating providers as well as participating providers;
- (2) The plan must require enrollees using nonparticipating providers to pay a copayment, deductible, or other out-of-pocket expense that reflects the health

insuring corporation's "certified actual costs." The bill defines "certified actual costs" as all additional costs incurred by a health insuring corporation in connection with enrollee use of nonparticipating providers under a closed panel plan, including all administrative and actual costs in excess of the costs that the health insuring corporation would incur if the same health care services were rendered by participating providers.

(3) The plan must not condition coverage of a covered health care service on an enrollee's use of a participating provider;

(4) The plan must not deny coverage for a covered health care service rendered to an enrollee by a nonparticipating provider who may legally perform that service;

(5) The plan must require each nonparticipating provider who agrees to provide health care services to an enrollee to accept the same fee schedule, quality assurance and utilization review requirements, and adverse determination appeal procedures that apply to the health insuring corporation's participating providers. However, the bill provides that a health insuring corporation's fee schedule does not apply to a nonparticipating provider who, prior to rendering a health care service to an enrollee, discloses to the enrollee that the provider is unwilling to accept the health insuring corporation's reimbursement as payment-in-full for that service (sec. 1751.09(B)(3)(b)). If this disclosure is made, the bill provides that the enrollee will be responsible for "paying the difference." Another provision of the bill states that these requirements do not prohibit a health insuring corporation from denying coverage for any health care service rendered by a nonparticipating provider who fails "to comply with" the fee schedule, utilization review and quality assurance requirements, or adverse determination appeal procedures applicable to participating providers, "unless division (B)(3)(b) [above] . . . applies."

The bill provides that these closed panel plan requirements do not prevent a health insuring corporation from providing financial incentives to any participating provider.

A health insuring corporation that offers a closed panel plan is prohibited by the bill from including any portion of its certified actual costs in the premium charged the subscriber; in the copayment, deductible, or other out-of-pocket expense imposed on the enrollees who use participating providers; or in any other fee or expense other than that permitted after a filing of expenses with the Superintendent of Insurance (below).

Current Health Insuring Corporation Law requires a health insuring corporation to enter into contracts for the provision of health care services with a

sufficient number and type of providers and health care facilities to ensure that all covered health care services are accessible to enrollees from a contracted provider or health care facility (sec. 1751.13(A)(1)(a)). The law includes a provision that a health insuring corporation may not refuse to contract with a physician or health care facility based on the physician's osteopathic education or residency program or based on the facility's certification or accreditation by the American Osteopathic Association (sec. 1751.13(A)(1)(b)). The law provides, however, that this provision must not be construed "to require a health insuring corporation to make a benefit payment under a closed panel plan to a physician or health care facility with which the health insuring corporation does not have a contract," provided the health insuring corporation's reason for failing to make a benefit payment is not related to the Osteopathic education, certification, or accreditation (sec. 1751.13(A)(1)(c)). This statement of construction is deleted by the bill to conform with the bill's requirement that closed panel plans allow enrollees to use nonparticipating providers--that is, providers who are not under contract.

**Filing the expenses to be imposed on enrollees using a nonparticipating provider with the Superintendent of Insurance**

(sec. 1751.091)

The bill requires a closed panel plan wishing to impose a copayment, deductible, or other out-of-pocket expense on an enrollee who uses a nonparticipating provider to file the expense with the Superintendent of Insurance. The filing must be accompanied by an actuarial certification in the form prescribed by the Superintendent.

The Superintendent must disapprove an expense filing if the Superintendent determines within 60 days of its filing that the copayment, deductible, or other out-of-pocket expense does not reflect the health insuring corporation's certified actual costs. The Superintendent is required to provide a written notice of such disapproval to the health insuring corporation, the notice to be issued in accordance with the Administrative Procedure Act. The notice must state the specific basis for the disapproval. Thereafter, a health insuring corporation's imposition of such copayment, deductible, or other out-of-pocket expense would be unlawful.

The Superintendent may approve an expense filing at any time within 60 days of its filing. Sixty days after an expense filing, if the Superintendent has not approved or disapproved the filing, the filing is to become effective.

**Amendment of Health Insuring Corporation Law definitions**

(sec. 1751.01)

As noted above, current law defines a "closed panel plan," for purposes of the Health Insuring Corporation Law, as a health care plan that requires enrollees to use participating providers. The bill's mandate that closed panel plans allow enrollees to use nonparticipating providers as well as participating providers requires a corresponding amendment to the current definition of "closed panel plan." As amended, a "closed panel plan" is a health care plan meeting the proposed requirements established for a closed panel plan in section 1751.09 of the Revised Code (above).

Similarly, current law defines an "open panel plan," for purposes of the Health Insuring Corporation Law, as a health care plan that provides incentives for enrollees to use participating providers and that also allows enrollees to use nonparticipating providers (sec. 1751.01(R)). Since, under the bill, nonparticipating providers are available to enrollees covered under both "closed panel plans" and "open panel plans," the bill makes a corresponding amendment to the current definition of "open panel plan." As amended by the bill, an "open panel plan," is "any health care plan, *other than a closed panel plan*, that . . . allows . . . enrollees to use providers that are not participating providers."

**Copayment limitation extended to all covered health care services**

(sec. 1751.12(D)(2))

Health Insuring Corporation Law currently provides that a health insuring corporation "may not impose copayment charges on *basic* health care services that exceed thirty per cent of the total cost of providing any single covered health care service, except for physician office visits, emergency health services, and urgent care services." "Basic health care services" are defined in section 1751.01(A) of the Health Insuring Corporation Law, and do not include *all* health care services that may be offered by a health insuring corporation. The bill replaces the word "basic" with the broader term "covered" in connection with health care services in the text of section 1751.12(D)(2). The bill thus makes the current copayment charge limitation applicable to all "covered" health care services, rather than being applicable only to "basic health care services."

**Effective date**

(Section 3)

The bill applies to health insuring corporation policies, contracts, and agreements delivered, issued for delivery, or renewed on or after January 1, 2001.

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	02-16-00	p. 1619

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