Ohio Legislative Service Commission

Bill Analysis

Aida S. Montano

H.B. 185

128th General Assembly
(As Reported by H. Civil and Commercial Law)

Reps. DeGeeter and Book, Garland, Murray, Lundy, Huffman, Domenick, Chandler, Letson, Slesnick, Yuko, Okey, Oelslager, Snitchler, Foley, Goyal, Combs, Gardner, Moran, Blair, Fende, Heard, Amstutz, Lehner, Stebelton, Batchelder, Koziura

BILL SUMMARY

- Provides that if a participating provider objects to a material amendment to a health care contract in the manner described in continuing law, and there is no resolution, and neither party terminates the health care contract, the material amendment does not become part of the existing health care contract.

CONTENT AND OPERATION

Material amendment of health care contract

Continuing law

Under the Health Care Contract Law (R.C. Chapter 3963.), a "material amendment" to a "health care contract" can occur only if the "contracting entity" provides to the "participating provider" the material amendment in writing and notice of the material amendment not later than 90 days prior to the effective date of the material amendment (see **COMMENT** 1 for definitions of terms in quotation marks). The notice must be conspicuously entitled "Notice of Material Amendment to Contract." If within 15 days after receiving that material amendment and notice, the participating provider objects in writing to the material amendment, and there is no resolution of the objection, either party may terminate the health care contract upon written notice of termination provided to the other party not later than 60 days prior to the effective date of the material amendment. If the participating provider does not object to the material amendment in the manner described in the preceding sentence, the material amendment is effective as specified in the notice of the material amendment. (R.C. 3963.04(A)(2), (3), and (4).) (See **COMMENT** 2.)

The bill

The bill provides that if the participating provider objects to the material amendment in the manner described above, and there is no resolution, and neither party terminates the health care contract, the material amendment does not become part of the existing health care contract (R.C. 3963.04(A)(5)). This provision does not apply in the circumstances described in **COMMENT** 2.

COMMENT

1. R.C. 3963.01, not in the bill, defines the following terms as used in the Health Care Contract Law:

(a) "Material amendment" means an amendment to a health care contract that decreases the participating provider's payment or compensation, changes the administrative procedures in a way that may reasonably be expected to significantly increase the provider's administrative expenses, or adds a new product. A material amendment does not include any of the following:

(i) A decrease in payment or compensation resulting solely from a change in a published fee schedule upon which the payment or compensation is based and the date of applicability is clearly identified in the contract;

(ii) A decrease in payment or compensation that was anticipated under the terms of the contract, if the amount and date of applicability of the decrease is clearly identified in the contract;

(iii) An administrative change that may significantly increase the provider's administrative expense, the specific applicability of which is clearly identified in the contract;

(iv) Changes to an existing prior authorization, precertification, notification, or referral program that do not substantially increase the provider's administrative expense;

(v) Changes to an edit program or to specific edits if the participating provider is provided notice of the changes pursuant to R.C. 3963.04(A)(1) (at least 15 days prior to the amendment's effective date) and the notice includes information sufficient for the provider to determine the effect of the change;

(vi) Changes to a health care contract described in R.C. 3963.04(B) (material amendments required by state or federal law, rule, or regulation).

(b) "Health care contract" means a contract entered into, materially amended, or renewed between a contracting entity and a participating provider for the delivery of

basic health care services, specialty health care services, or supplemental health care services to enrollees.

(c) "Contracting entity" means any person that has a primary business purpose of contracting with participating providers for the delivery of health care services.

(d) "Participating provider" means a "provider" that has a health care contract with a contracting entity and is entitled to reimbursement for health care services rendered to an enrollee under the health care contract.

(e) "Provider" means a physician, podiatrist, dentist, chiropractor, optometrist, psychologist, physician assistant, advanced practice nurse, occupational therapist, massage therapist, physical therapist, professional counselor, professional clinical counselor, hearing aid dealer, orthotist, prosthetist, home health agency, hospice care program, or hospital, or a provider organization or physician-hospital organization that is acting exclusively as an administrator on behalf of a provider to facilitate the provider's participation in health care contracts. "Provider" does not mean a pharmacist, pharmacy, nursing home, or a provider organization or physician-hospital organization that leases the provider organization's or physician-hospital organization's network to a third party or contracts directly with employers or health and welfare funds.

2. These provisions do not apply if the delay caused by compliance with them could result in imminent harm to an enrollee, if the material amendment of a health care contract is required by state or federal law, rule, or regulation, or if the provider affirmatively accepts the material amendment in writing and agrees to an earlier effective date than otherwise required as described in those provisions. R.C. 3963.04 does not apply under any of the following circumstances: (a) the participating provider's payment or compensation is based on the current Medicaid or Medicare physician fee schedule, and the change in payment or compensation results solely from a change in that physician fee schedule, or (b) a routine change or update of the health care contract is made in response to any addition, deletion, or revision of any service code, procedure code, or reporting code, or a pricing change is made by any third party source. (R.C. 3963.04(B).)

HISTORY

ACTION	DATE
Introduced	05-19-09
Reported, H. Civil and Commercial Law	07-01-09

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