

SENATE BILL NO. 87

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor

on _____)

(Patron Prior to Substitute--Senator Favola)

A BILL to amend and reenact § 38.2-3407.10 of the Code of Virginia, relating to health insurance provider panels; incentives for mental health services.

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-3407.10 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-3407.10. Health care provider panels.

A. As used in this section:

"Carrier" means:

- 1. Any insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense incurred basis;
- 2. Any corporation providing individual or group accident and sickness subscription contracts;
- 3. Any health maintenance organization providing health care plans for health care services;
- 4. Any corporation offering prepaid dental or optometric services plans; or
- 5. Any other person or organization that provides health benefit plans subject to state regulation, and includes an entity that arranges a provider panel for compensation.

"Enrollee" means any person entitled to health care services from a carrier.

"Provider" means a hospital, physician or any type of provider licensed, certified or authorized by statute to provide a covered service under the health benefit plan.

"Provider panel" means those providers with which a carrier contracts to provide health care services to the carrier's enrollees under the carrier's health benefit plan. However, such term does not include an arrangement between a carrier and providers in which any provider may participate solely on

26 the basis of the provider's contracting with the carrier to provide services at a discounted fee-for-service
27 rate.

28 B. Any such carrier that offers a provider panel shall establish and use it in accordance with the
29 following requirements:

30 1. Notice of the development of a provider panel in the Commonwealth or local service area shall
31 be filed with the Department of Health Professions.

32 2. Carriers shall provide a provider application and the relevant terms and conditions to a provider
33 upon request.

34 C. A carrier that uses a provider panel shall establish procedures for:

35 1. Notifying an enrollee of:

36 a. The termination from the carrier's provider panel of a provider who was furnishing health care
37 services to the enrollee or furnished health care services to the enrollee in the six months prior to the
38 notice; and

39 b. The right of an enrollee to continue to receive health care services as provided in subsection E
40 following the provider's termination from a carrier's provider panel, except when a provider is terminated
41 for cause.

42 The carrier shall provide notice required by this subdivision 1 prior to the date of the termination
43 of the provider, except when a provider is terminated for cause.

44 2. Notifying a provider at least 90 days prior to the date of the termination of the provider, except
45 when a provider is terminated for cause.

46 3. Notifying the purchaser of the health benefit plan, whether such purchaser is an individual or an
47 employer providing a health benefit plan, in whole or in part, to its employees and enrollees of the health
48 benefit plan of:

49 a. A description of all types of payment arrangements that the carrier uses to compensate providers
50 for health care services rendered to enrollees, including withholds, bonus payments, capitation, and fee-
51 for-service discounts; and

52 b. The terms of the plan in clear and understandable language that reasonably informs the purchaser
53 of the practical application of such terms in the operation of the plan.

54 For the purposes of subdivisions 1 and 2, "provider" includes a provider group.

55 D. A carrier may not deny an application for participation or terminate participation on its provider
56 panel on the basis of gender, race, age, sexual orientation, gender identity, religion or national origin.

57 E. 1. A provider shall be permitted by the carrier to render health care services to any of the carrier's
58 enrollees for a period of at least 90 days from the date of such provider's termination from the carrier's
59 provider panel, except when a provider is terminated for cause.

60 2. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
61 to continue rendering health services to any enrollee who has been medically confirmed to be pregnant at
62 the time of a provider's termination of participation, except when a provider is terminated for cause. Such
63 treatment shall, at the enrollee's option, continue through the provision of postpartum care directly related
64 to the delivery.

65 3. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
66 to continue rendering health services to any enrollee who is determined to be terminally ill (as defined
67 under § 1861 (dd)(3)(A) of the Social Security Act) at the time of a provider's termination of participation,
68 except when a provider is terminated for cause. Such treatment shall, at the enrollee's option, continue for
69 the remainder of the enrollee's life for care directly related to the treatment of the terminal illness.

70 4. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
71 to continue rendering health services to any enrollee who has been determined by a medical professional
72 to have a life-threatening condition at the time of a provider's termination of participation. Such treatment
73 shall, at the enrollee's option, continue for up to 180 days for care directly related to the life-threatening
74 condition.

75 5. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
76 to continue rendering health services to any enrollee who is admitted to and receiving treatment in any
77 inpatient facility at the time of a provider's termination of participation. Such admission and treatment
78 shall continue until the enrollee is discharged from the inpatient facility.

79 For any health care services received by an enrollee from a provider after the date the provider has
80 been terminated from the carrier's provider panel:

81 a. A carrier shall reimburse a provider under this subsection in accordance with the carrier's
82 agreement with such provider existing immediately before the provider's termination of participation;

83 b. The provider shall accept such reimbursement from the carrier and any cost-sharing payment
84 from the enrollee for items and services as payment in full; and

85 c. The provider shall continue to adhere to all policies and procedures and quality standards
86 imposed by the carrier for an enrollee that were required of the provider immediately before the provider's
87 termination of participation.

88 For the purposes of this subsection, "provider" includes a provider group.

89 F. 1. A carrier shall provide to a purchaser upon enrollment and make available to existing
90 enrollees at least once a year a list of members in its provider panel, which list shall also indicate those
91 providers who are not currently accepting new patients. Such list may be made available in a form other
92 than a printed document, provided the purchaser or existing enrollee is given the means to request and
93 receive a printed copy of such list.

94 2. The information provided under subdivision 1 shall be updated at least once a year if in paper
95 form, and monthly if in electronic form.

96 G. No contract between a carrier and a provider may require that the provider indemnify the carrier
97 for the carrier's negligence, willful misconduct, or breach of contract, if any.

98 H. No contract between a carrier and a provider shall require a provider, as a condition of
99 participation on the panel, to waive any right to seek legal redress against the carrier.

100 I. No contract between a carrier and a provider shall prohibit, impede or interfere in the discussion
101 of medical treatment options between a patient and a provider.

102 J. A contract between a carrier and a provider shall permit and require the provider to discuss
103 medical treatment options with the patient.

104 K. Any carrier requiring preauthorization for medical treatment shall have personnel available to
105 provide such preauthorization at all times when such preauthorization is required.

106 L. Carriers shall provide to their group policyholders written notice of any benefit reductions
107 during the contract period at least 60 days before such benefit reductions become effective. Group
108 policyholders shall, in turn, provide to their enrollees written notice of any benefit reductions during the
109 contract period at least 30 days before such benefit reductions become effective. Such notice shall be
110 provided to the group policyholder as a separate and distinct notification, and may not be combined with
111 any other notification or marketing materials.

112 M. No contract between a provider and a carrier shall include provisions that require a health care
113 provider or health care provider group to deny covered services that such provider or group knows to be
114 medically necessary and appropriate that are provided with respect to a specific enrollee or group of
115 enrollees with similar medical conditions.

116 N. If a provider panel contract between a provider and a carrier, or other entity that provides
117 hospital, physician or other health care services to a carrier, includes provisions that require a provider, as
118 a condition of participating in one of the carrier's or other entity's provider panels, to participate in any
119 other provider panel owned or operated by that carrier or other entity, the contract shall contain a provision
120 permitting the provider to refuse participation in one or more such other provider panels at the time the
121 contract is executed. If a provider contracts with a carrier or other entity that subsequently contracts with
122 one or more unaffiliated carriers to include such provider in the provider panels of such unaffiliated
123 carriers, and which permits an unaffiliated carrier to impose participation terms with respect to such
124 provider that differ materially in reimbursement rates or in managed care procedures, such as conducting
125 economic profiling or requiring a patient to obtain primary care physician referral to a specialist, from the
126 terms agreed to by the provider in the original contract, the provider panel contract shall contain a
127 provision permitting the provider to refuse participation with any such unaffiliated carrier. Utilization
128 review pursuant to Article 1.2 (§ 32.1-137.7 et seq.) of Chapter 5 of Title 32.1 shall not constitute a
129 materially different managed care procedure. This subsection shall apply to provider panels utilized by
130 health maintenance organizations and preferred provider organizations. For purposes of this subsection,
131 "preferred provider organization" means a carrier that offers preferred provider contracts or policies as
132 defined in § 38.2-3407 or preferred provider subscription contracts as defined in § 38.2-4209. The status

133 of a physician as a member of or as being eligible for other existing or new provider panels shall not be
134 adversely affected by the exercise of such right to refuse participation. This subsection shall not apply to
135 the Medallion II and children's health insurance plan administered by or pursuant to contract with the
136 Department of Medical Assistance Services.

137 O. A carrier that rents or leases its provider panel to unaffiliated carriers shall make available, upon
138 request, to its providers a list of unaffiliated carriers that rent or lease its provider panel. Such list if
139 available in electronic format shall be updated monthly. The provider shall be given the means to request
140 and receive a printed copy of such list.

141 P. As part of a value-based arrangement, a provider panel contract between a carrier and a primary
142 care provider may include provisions that promote comprehensive screening using evidence-based tools
143 for mental health needs and appropriate referrals by primary care providers to mental health services that
144 may be provided on-site, via telehealth on site, or through an off-site referral.

145 Q. The Commission shall have no jurisdiction to adjudicate controversies arising out of this
146 section.

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