

Regular Session, 2011

HOUSE BILL NO. 267

BY REPRESENTATIVE LIGI

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/HEALTH: Provides with respect to contracts negotiated with certain hospitals operated by hospital service districts

1 AN ACT

2 To enact R.S. 22:1019, relative to contracts between health insurers and certain hospitals;
3 to provide with respect to such contracts negotiated with hospitals operated by
4 hospital service districts; to provide for definitions; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1019 is hereby enacted to read as follows:

8 §1019. Contracts negotiated with hospitals operated by hospital service districts

9 A. No health insurer, including without limitation, a health maintenance
10 organization, managed care organization, or its contracting entities, shall enter into
11 a contract with a hospital in this state having at least one hundred twenty-five
12 licensed beds which is operated by a hospital service district, as authorized by
13 Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, or by local, special,
14 or general law, in which the highest commercial rate under such contract is less
15 advantageous to such hospital than the commercial rates provided under any other
16 contract entered into between such health insurer and any hospital located within the
17 metropolitan statistical area as such hospital operated by the hospital service district.

18 B. As used in this Section, the following definitions shall apply:

1 (1) "Health insurer" means any entity regulated by the Louisiana Department
2 of Insurance which provides the types of insurance defined in R.S. 22:47(2)(a) or
3 1000 or any entity which offers health insurance coverage through a policy or
4 certificate of insurance subject to state law that regulates the business of insurance.
5 The term shall specifically include self-insured health benefit plans as provided for
6 in this Title and nonfederal government plans subject to the provisions of Subpart B
7 of Part II of Chapter 6 of this Title, R.S. 22:1831 et seq.

8 (2) "Managed care organization" means a licensed insurance company,
9 hospital, or medical benefit plan or program, health maintenance organization,
10 integrated health care delivery system, an employer or employee organization, or a
11 managed care contractor which operates a managed care plan. A managed care
12 entity may include but is not limited to a preferred provider organization, health
13 maintenance organization, exclusive provider organization, independent practice
14 association, clinic without walls, management services organization, managed care
15 services organization, physician hospital organization, and hospital physician
16 organization.

17 (3) "Managed care plan" means a plan operated by a managed care
18 organization which provides for the financing and delivery of health care and
19 treatment services to individuals enrolled in such plan through its own employed
20 health care providers or contracting with selected specific providers that conform to
21 explicit selection, standards, or both. A managed care plan shall also mean a plan
22 that has a formal organizational structure for continual quality assurance, a certified
23 utilization review program, dispute resolution, and financial incentives for individual
24 enrollees to use the plan's participating providers and procedures.

25 (4) "Metropolitan statistical area" shall have the meaning assigned to it by
26 the United States Office of Management and Budget. In the event that a hospital
27 operated by a hospital service district does not reside within the physical borders of
28 a "metropolitan statistical area", the metropolitan statistical area in which the

1 hospital service district was reclassified for Medicare wage index purposes in 2010
 2 shall be the applicable "metropolitan statistical area" for purposes of this Section.
 3 C. Notwithstanding any other provision of this Section to the contrary, this
 4 Section shall not apply to the Office of Group Benefits or limited benefit health
 5 insurance policies or contracts as defined in R.S. 22:47(2)(c).

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Ligi

HB No. 267

Abstract: Requires certain commercial rates provided under any contract between a health insurer and certain hospitals.

Proposed law provides that no health insurer or its contracting entities shall enter into a contract with a hospital in this state having at least 125 licensed beds which is operated by a hospital service district in which the highest commercial rate under the contract is less advantageous to the hospital than the commercial rates provided under any other contract entered into between the health insurer and any hospital located within the metropolitan statistical area as such hospital operated by the hospital service district. Provides that proposed law shall not apply to the Office of Group Benefits or limited benefit health insurance policies or contracts.

Proposed law also defines certain terms, including defining a "metropolitan statistical area" as having the meaning assigned to it by the U.S. Office of Management and Budget. Further provides, however, that in the event that a hospital operated by a hospital service district does not reside within the physical borders of a "metropolitan statistical area", the metropolitan statistical area in which the hospital service district was reclassified for Medicare wage index purposes in 2010 shall be the applicable "metropolitan statistical area" for purposes of proposed law.

(Adds R.S. 22:1019)