

SENATE BILL 2903

By Finney L

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 57, Part 5, relative to provider network
contracts by certain private act hospitals.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 57, Part 5, is amended by
adding the following language as a new, appropriately designated section:

7-57-5__.

(a) As used in this section, unless the context otherwise requires:

(1) "Exclusive Provider Provision" means a provision in a provider
network contract between an insurer and a private act hospital that
prohibits the insurer from including in the provider network any other
hospital located in the same county as the private act hospital;

(2) "Health Insurer" means a company authorized under title 56, to
issue health insurance, except a hospital and medical service corporation;

(3) "Hospital and Medical Service Corporation" means a company
established under Title 56, Chapter 29, or an affiliate of such company;
and

(4) "Insurer" means a health insurer or a hospital and medical
service corporation.

(b) Effective July 1, 2015:

(1) A private act hospital shall not enter into or renew a provider
network or contract with a hospital or medical service corporation that
contains an exclusive provider provision, and

(2) An exclusive provider provision contained in a provider network agreement between a private act hospital and a hospital and medical service corporation shall be void and unenforceable.

(c) A private act hospital shall not enter into or renew a provider network contract with a health insurer that contains an exclusive provider provision.

Effective January 1, 2016, an exclusive provider provision contained in a provider network contract between a private act hospital and a health insurer shall be void and unenforceable.

(d) Nothing in this section shall be construed as:

(1) Affecting the antitrust immunity granted to private act hospitals under this section;

(2) Affecting the ability of a private act hospital to negotiate reimbursement and other terms of a provider network agreement based on anticipated volume and types of patients;

(3) Otherwise affecting the terms and conditions of insurer provider network agreements;

(4) Requiring any hospital to be a participant in an insurer's provider network;

(5) Requiring an insurer to enter into a provider contract agreement with any particular hospital; or

(6) Affecting the discretion of an insurer as to how it configures and administers its provider networks.

(e) Subsections (a)-(c) shall not apply to any agreement between a private act hospital and a provider network, the majority ownership of which is owned by the private act hospital.

SECTION 2. This act shall be applicable only to private act hospitals located in counties in which the private act hospital has fifty-five percent (55%) or more of the total nonpsychiatric hospital discharges within the county during any one (1) calendar year, but shall not apply to a private act hospital that is the only hospital provider located in the county in which the private act hospital has its principal operations.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it.