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NCOIL TO MOVE HIGHLY DEBATED PHYSICIAN REIMBURSEMENT MODEL AT ANNUAL MEETING

Troy, NY, November 7, 2008—After three years of debate and nine interim conference calls in the last few months, the National Conference of Insurance Legislators (NCOIL) is poised to adopt a controversial *Rental Network Contract Arrangements Model Act* at its upcoming Annual Meeting later in November. NCOIL will begin closing its extensive investigation of transparency in health insurance preferred provider organization (PPO) rental networks and physician reimbursement at a special meeting of its Health, Long-Term Care & Health Retirement Issues Committee on Wednesday, November 19, and conclude at its regularly scheduled Health Committee meeting on Friday, November 21.

NCOIL Secretary Rep. George Keiser (ND), who has sponsored the model for discussion purposes, said:

We have made great progress since the Committee last met in July. After a thorough vetting of some highly controversial issues, we believe that we have balanced flexibility in downstream rentals with transparency for doctors participating in rental network PPOs. We recognize the importance of PPO networks as a way to increase regional access to healthcare at lower costs for consumers. This expansion, however, shouldn't come at a cost to physicians and other healthcare providers, who often cannot determine what they will be paid for their services.

Over the past three months, the Committee has worked with physician, insurer, and network representatives—including, among others, the American Association of Preferred Provider Organizations (AAPPO); America's Health Insurance Plans (AHIP); and the American Medical Association (AMA)—to develop the model. The model may ultimately come before the NCOIL Executive Committee on November 23 and be available for consideration in 2009 state legislative sessions, as the issue has already emerged in several states.

At the Special Meeting, Committee members will review several decisions made on key issues, including one to include in the model's scope groups that operate on behalf of self-insured employers. Such groups, insurance industry representatives argue, should be exempt from the model because of federal preemptions in the Employee Retirement Income Security Act (ERISA) of 1974. Alternatively, the AMA contends that ERISA would not preempt the model because it doesn't impact employee benefits.

The model does not limit "downstream rentals"—the number of times that a third party accessing a network and its discounts can rent access to additional parties. Legislators addressed physician concerns with downstream rentals by requiring comprehensive disclosures.

Among other things, the model would require third parties to notify the original PPO of their downstream transactions, would establish fair contracting requirements, and would prohibit unauthorized access to

provider discounts. The model would also allow a healthcare provider to refuse a discount when network access information is not available up-front.

The Committee first addressed the issue at the 2005 NCOIL Summer Meeting in Newport, Rhode Island, and began considering initial model legislation the following year. Adoption of a model has been delayed because of the issue's controversial nature and the Committee's commitment to ensuring that all interested parties have ample opportunity to input.

After postponing indefinitely the initial bill draft because interested parties could not reach consensus, the Committee at the 2008 NCOIL Summer Meeting voted to pursue a new model act for consideration at the Annual Meeting.

The 2008 Annual Meeting will be held at Hawk's Cay Resort, located in Duck Key, Florida.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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