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NCOIL ADVANCES CONTROVERSIAL PHYSICIAN RENTAL NETWORK MODEL

New York, NY, July 16, 2008— Following nearly two hours of interested party back-and-forth regarding controversial physician-payer networking issues, the National Conference of Insurance Legislators (NCOIL) Health, Long-Term Care and Health Retirement Issues Committee committed to pursue model legislation during a July 10 Special Committee Meeting here. Legislators resolved to hold discussions during interim conference calls over the next four months to develop an NCOIL model act—with a goal of considering a complete product at the 2008 NCOIL Annual Meeting.

Rep. George Keiser (ND), NCOIL Secretary and sponsor of a previous NCOIL model addressing these concerns, said, “Rental network arrangements continue to proliferate and their business models are difficult for participating providers to understand. NCOIL has expended much time and effort working toward interested party development of a consensus model to address these concerns. After two years of discussion and debate, the time to act is now.”

The proposed model will stem from competing drafts submitted by provider, trade and industry representatives, and will address, among other things, transparency in rental network arrangements. Physicians and other healthcare providers contract with rental network preferred provider organizations (PPOs) to provide care at discounted rates, generally in exchange for increased patient volume, and third parties contract to access these networks and the discounts.

Assemblyman William Barclay (NY), committee co-chair, said “Too often we hear about the difficulties our physicians have in determining reimbursement. Managed care issues are on everybody’s radar. As evidenced by recent state activity, lawmakers will be confronting these issues in statehouses throughout the country in 2008. NCOIL needs to provide guidance for our state legislative colleagues.”

Physician and industry representatives, including representatives of the American Medical Association (AMA), the American Association of Preferred Provider Organizations (AAPPO), the BlueCross BlueShield Association (BCBS), and the Council for Affordable Health Insurance (CAHI), remain at odds over the scope of proper regulation.

The main area of contention among the groups relates to “downstream” rentals—the number of times the information contained in the contract agreement can be sold, leased, assigned, or conveyed to other parties. The groups also disagree on language regarding applicability, definitions, as well as transparency, disclosure, and registration requirements.

Interested parties at the Special Meeting discussed regulatory principles that all groups support. These areas include disclosure requirements on entities accessing network discounts, a ban on unauthorized

parties, clear contract termination language, contractual obligations of third parties and enforcement provisions.

During 2007 and 2008 legislative sessions, Arkansas, Colorado, Connecticut, Florida, Idaho, Indiana and Ohio passed legislation to regulate physician network arrangements—focusing exclusively on transparency and disclosure requirements.

The NCOIL Health Committee postponed its consideration of a model during the 2008 Spring Meeting in Washington, DC to allow for further consideration. Between the 2008 Spring and the Summer Meetings, the Committee held several conference calls to discuss a process to develop new model legislation.

The NCOIL Summer Meeting was held from July 10 through July 13 at the Marriot Marquis in New York City.

NCOIL is an organization of state legislators whose public policy concern 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.

For further details, please contact the NCOIL National Office at 518-687-0178.

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