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NCOIL PROVIDES NEEDED GUIDANCE TO STATES: ADOPTS PHYSICIAN REIMBURSEMENT MODEL

Duck Key, Florida, November 26, 2008— The National Conference of Insurance Legislators (NCOIL) on November 23 provided needed guidance to states by finalizing a long-debated *Rental Network Contract Arrangements Model Act* during its Annual Meeting here. The model—approved in time to be considered in 2009 legislative sessions—balances desired access to preferred provider organization (PPO) networks with transparency of physician reimbursement. It allows unlimited “downstream” rentals of PPO contracts and physician discounts, while ensuring that network access information is available to providers.

NCOIL Vice President Rep. George Keiser (ND), who sponsored the model for discussion purposes, said

We recognize that rental networks are an important way to expand access to healthcare at lower costs to consumers, but the system has to be transparent to allow providers and payers to properly manage reimbursements. If reimbursements cannot be managed effectively, it drives up healthcare costs for everyone.

The model—unanimously adopted by the NCOIL Executive Committee—among other things, establishes clear criteria for network and discount access, and contract termination; sets out contracting entity rights and responsibilities; requires disclosure to providers and contracting entities of third party access; provides for registration of unlicensed contracting entities; prohibits and penalizes under a state’s unfair trade practices act unauthorized access to provider network contracts; and allows physicians to refuse a network discount without a contractual basis.

Under the model, the initial contracting entity is required to maintain a list of every health plan and PPO with access, including any downstream rentals by other plans and PPOs. Through this list, a provider can determine up front if someone has legitimately accessed that network and its discount rate.

After much debate, it was determined that the model’s scope would extend to affiliates and subsidiaries of contracting entities in order to ensure optimal transparency. The model does not speak to self-funded employer sponsored plans under the Employee Retirement Income Security Act of 1974 (ERISA), but includes a drafting note acknowledging that individual states will determine whether the model’s provisions should apply to ERISA entities.

In total, the model represents more than three years of NCOIL effort, and nine interim conference calls between the 2008 Summer and Annual Meetings. The NCOIL Executive Committee vote on November 23 followed adoption by the Health, Long-Term Care, and Health Retirement Issues Committee on

November 21. Prior to that, lawmakers had engaged in a special three-hour working session on November 19 to hear interested party input and to finalize Committee determinations.

A wide range of interested parties participated in model development, including the American Association of Preferred Provider Organizations (AAPPO); the American Medical Association (AMA); America's Health Insurance Plans (AHIP); BlueCross BlueShield Association (BCBSA); Council for Affordable Health Insurance (CAHI); Ohio State Medical Association (OSMA); and Wisconsin Preferred Provider Organization (WIPPO).

The NCOIL Annual Meeting was held at the Hawk's Cay Resort.

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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