HOUSE BILL NO. 46

INTRODUCED BY GRINDE

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING HEALTH MAINTENANCE ORGANIZATIONS TO OFFER A POINT-OF-SERVICE OPTION BENEFIT PLAN TO EACH PURCHASER OF A HEALTH CARE SERVICES AGREEMENT; AMENDING SECTION 33-31-102, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-31-102, MCA, is amended to read:

"**33-31-102. Definitions.** As used in this chapter, unless the context requires otherwise, the following definitions apply:

(1) "Basic health care services" means:

(a) consultative, diagnostic, therapeutic, and referral services by a provider;

(b) inpatient hospital and provider care;

(c) outpatient medical services;

(d) medical treatment and referral services;

(e) accident and sickness services by a provider to each newborn infant of an enrollee pursuant to 33-31-301(3)(e);

(f) care and treatment of mental illness, alcoholism, and drug addiction;

(g) diagnostic laboratory and diagnostic and therapeutic radiologic services;

(h) preventive health services, including:

(i) immunizations;

(ii) well-child care from birth;

(iii) periodic health evaluations for adults;

(iv) voluntary family planning services;

(v) infertility services; and

(vi) children's eye and ear examinations conducted to determine the need for vision and hearing

correction;

(i) minimum mammography examination, as defined in 33-22-132; and

(j) treatment for phenylketonuria. "Treatment" means licensed professional medical services under the supervision of a physician and a dietary formula product to achieve and maintain normalized blood levels of phenylalanine and adequate nutritional status.

(2) "Commissioner" means the commissioner of insurance of the state of Montana.

(3) "Enrollee" means a person:

(a) who enrolls in or contracts with a health maintenance organization;

(b) on whose behalf a contract is made with a health maintenance organization to receive health care services; or

(c) on whose behalf the health maintenance organization contracts to receive health care services.

(4) "Evidence of coverage" means a certificate, agreement, policy, or contract issued to an enrollee setting forth the coverage to which the enrollee is entitled.

(5) "Health care services" means:

(a) the services included in furnishing medical or dental care to a person;

(b) the services included in hospitalizing a person;

(c) the services incident to furnishing medical or dental care or hospitalization; or

(d) the services included in furnishing to a person other services for the purpose of preventing, alleviating, curing, or healing illness, injury, or physical disability.

(6) "Health care services agreement" means an agreement for health care services between a health maintenance organization and an enrollee.

(7) "Health maintenance organization" means a person who provides or arranges for basic health care services to enrollees on a prepaid or other financial basis, either directly through provider employees or through contractual or other arrangements with a provider or a group of providers.

(8) "Insurance producer" means an individual, partnership, or corporation appointed or authorized by a health maintenance organization to solicit applications for health care services agreements on its behalf.

(9) "Person" means:

(a) an individual;

(b) a group of individuals;

(c) an insurer, as defined in 33-1-201;

(d) a health service corporation, as defined in 33-30-101;

(e) a corporation, partnership, facility, association, or trust; or

(f) an institution of a governmental unit of any state licensed by that state to provide health care, including but not limited to a physician, hospital, hospital-related facility, or long-term care facility.

(10) "Plan" means a health maintenance organization operated by an insurer or health service corporation as an integral part of the corporation and not as a subsidiary.

(11) "Point-of-service option" means a delivery system that permits an enrollee of a health maintenance organization to receive health care services from a provider who is, under the terms of the enrollee's contract for health care services with the health maintenance organization, not on the provider panel of the health maintenance organization.

~~(11)~~(12) "Provider" means a physician, hospital, hospital-related facility, long-term care facility, dentist, osteopath, chiropractor, optometrist, podiatrist, psychologist, licensed social worker, registered pharmacist, or nurse specialist as specifically listed in 37-8-202 who treats any illness or injury within the scope and limitations of ~~his~~ the person's practice or any other person who is licensed or otherwise authorized in this state to furnish health care services.

(13) "Provider panel" means those providers with whom a health maintenance organization contracts to provide health care services to the health maintenance organization's enrollees.

(14) "Purchaser" means the individual, employer, or other entity, but not the individual certificate holder in the case of group insurance, that enters into a health care services agreement.

~~(12)~~(15) "Uncovered expenditures" mean the costs of health care services that are covered by a health maintenance organization and for which an enrollee is liable if the health maintenance organization becomes insolvent."

NEW SECTION. **Section 2. Point-of-service option.** (1) A health maintenance organization shall offer a point-of-service option benefit plan to each purchaser of a health care services agreement. The purchaser may accept or reject the addition of a point-of-service option to the health care services agreement.

(2) Any difference in premium charged for the point-of-service option benefit plan compared to the premium for a standard health care services agreement may not exceed the expected cost to the insurer

of benefits and expenses based on sound actuarial principles.

(3) This section may not be construed to permit a health maintenance organization to offer stand-alone indemnity insurance coverage.

NEW SECTION. **Section 3. Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 33, chapter 31, and the provisions of Title 33, chapter 31, apply to [section 2].

NEW SECTION. **Section 4. Applicability.** [This act] applies to health care service agreements purchased or renewed after [the effective date of this act].

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0046, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:
A bill requiring health maintenance organizations to offer a point-of-service option benefit plan.

ASSUMPTIONS:
1. There are currently three Health Maintenance Organizations (HMOs) in Montana.
2. HMOs file forms to update them periodically. The State Auditor's Office estimates no appreciable change in numbers of filings, and therefore no change in workload or revenues.
3. The state, as a purchaser of health care services from HMOs, will decline the option to purchase a point-of-service plan.

FISCAL IMPACT:

There is no fiscal impact on the state.

Dave Lewis 1-11-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Larry Grinde 1-13-97
LARRY GRINDE, PRIMARY SPONSOR DATE

Fiscal Note for HB0046, as introduced

HB 46

APPROVED BY COM ON
HUMAN SERVICES

HOUSE BILL NO. 46

INTRODUCED BY GRINDE

BY REQUEST OF THE STATE AUDITOR

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(B) FOR THE PURPOSES OF SUBSECTION (1)(A), AN ENROLLEE DOES NOT INCLUDE AN INDIVIDUAL RECEIVING MEDICAID SERVICES UNDER THE MONTANA MEDICAID PROGRAM PROVIDED

FOR IN TITLE 53, CHAPTER 6.

(2) Any difference in premium charged for the point-of-service option benefit plan compared to the premium for a standard health care services agreement may not exceed the expected cost to the insurer of benefits and expenses based on sound actuarial principles.

(3) This section may not be construed to permit a health maintenance organization to offer stand-alone indemnity insurance coverage.

NEW SECTION. **Section 3. Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 33, chapter 31, and the provisions of Title 33, chapter 31, apply to [section 2].

NEW SECTION. **Section 4. Applicability.** [This act] applies to health care service agreements purchased or renewed after ~~[the effective date of this act]~~ JANUARY 1, 2000.

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(B) FOR THE PURPOSES OF SUBSECTION (1)(A), AN ENROLLEE DOES NOT INCLUDE AN INDIVIDUAL RECEIVING MEDICAID SERVICES UNDER THE MONTANA MEDICAID PROGRAM PROVIDED

FOR IN TITLE 53, CHAPTER 6, OR AN INDIVIDUAL PARTICIPATING IN AN APPROVED MEDICARE RISK CONTRACT ADMINISTERED BY A LICENSED HEALTH MAINTENANCE ORGANIZATION.

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NEW SECTION. **Section 2. Point-of-service option.** (1) (A) A health maintenance organization THAT HAS AT LEAST 10,000 ENROLLEES shall offer a point-of-service option benefit plan to each purchaser of a health care services agreement. The purchaser may accept or reject the addition of a point-of-service option to the health care services agreement.

(B) FOR THE PURPOSES OF SUBSECTION (1)(A), AN ENROLLEE DOES NOT INCLUDE AN INDIVIDUAL RECEIVING MEDICAID SERVICES UNDER THE MONTANA MEDICAID PROGRAM PROVIDED

FOR IN TITLE 53, CHAPTER 6, OR AN INDIVIDUAL PARTICIPATING IN AN APPROVED MEDICARE RISK CONTRACT ADMINISTERED BY A LICENSED HEALTH MAINTENANCE ORGANIZATION.

(2) Any difference in premium charged for the point-of-service option benefit plan compared to the premium for a standard health care services agreement may not exceed the expected cost to the insurer of benefits and expenses based on sound actuarial principles.

(3) This section may not be construed to permit a health maintenance organization to offer stand-alone indemnity insurance coverage.

NEW SECTION. **Section 3. Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 33, chapter 31, and the provisions of Title 33, chapter 31, apply to [section 2].

NEW SECTION. **Section 4. Applicability.** [This act] applies to health care service agreements purchased or renewed after ~~{the effective date of this act}~~ JANUARY 1, 2000.

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