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INTRODUCED BY Lynch Day <sup>SB</sup> BILL NO. 190

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE REQUIREMENTS FOR PREFERRED PROVIDER AGREEMENTS; AND AMENDING SECTION 33-22-1704, MCA."

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

**Section 1.** Section 33-22-1704, MCA, is amended to read:

**"33-22-1704. Preferred provider agreements authorized.** (1) Notwithstanding any other provision of law to the contrary, a health care insurer may:

(a) enter into agreements with providers relating to health care services that may be rendered to insureds or subscribers on whose behalf the health care insurer is providing health care coverage, including preferred provider agreements relating to:

(i) the amounts an insured may be charged for services rendered; and

(ii) the amount and manner of payment to the provider; and

(b) issue or administer policies or subscriber contracts in this state that include incentives for the insured to use the services of a provider that has entered into an agreement with the insurer pursuant to subsection (1)(a).

(2) A preferred provider agreement issued or delivered in this state may not unfairly deny health benefits for health care services covered.

(3) This part does not require that an insurer negotiate or enter into agreements with any specific provider or class of providers. A preferred provider agreement entered into or renewed after March 26, 1993, must provide each health care provider with the opportunity to participate on the basis of a competitive bid or offer. For each health care service that an insurer proposes to obtain for its insureds from a preferred provider in the geographic area covered by the proposal, the insurer shall provide all known providers of the health care service in that area with an equal opportunity to submit a competitive bid or offer to become a preferred provider. Except as provided in subsection (5), the insurer shall issue a request for proposals and shall select the lowest cost bid or offer. If only one bid or offer is received, the insurer may enter into a preferred provider agreement with the health care provider.

1           ~~(4) If a bid or an offer is not received in response to a request for proposals under subsection (3),~~  
2     ~~the insurer may not establish a preferred provider agreement for that service in the geographic area except~~  
3     ~~pursuant to a new request for proposals.~~

4           ~~(5) An insurer may reserve the right in its request for proposals to reject bids or offers submitted~~  
5     ~~in response to the request, including the lowest cost bid or offer. A bid or offer must be rejected in the~~  
6     ~~manner established in the request for proposals. An insurer may not enter into a preferred provider~~  
7     ~~agreement for a health care service except pursuant to a request for proposals."~~

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