

Regular Session, 2007

HOUSE BILL NO. 821

BY REPRESENTATIVE MCVEA

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/HEALTH: Provides that certain penalty provisions of the law regulating preferred provider organizations are not applicable to preferred provider organization arrangements relative to workers' compensation claims

1 AN ACT

2 To enact R.S. 40:2203.1(H), relative to preferred provider organizations; to provide that  
3 certain penalty provisions of the law regulating such organizations are not applicable  
4 to preferred provider agreements or arrangements regarding or applied to workers'  
5 compensation claims; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1.R.S. 40:2203.1(H) is hereby enacted to read as follows:

8 §2203.1. Prohibition of certain practices by preferred provider organizations

9 \* \* \*

10 H. Preferred provider organization arrangements or agreements regarding or  
11 applied to workers' compensation claims are not subject to the penalty provisions of  
12 Subsection G of this Section.

13 Section 2. This Act is intended to clarify the provisions of Part I of Chapter 12 of  
14 Title 40 of the Louisiana Revised Statutes of 1950 and therefore is interpretive in nature.

15 Section 3. This Act shall become effective upon signature by the governor or, if not  
16 signed by the governor, upon expiration of the time for bills to become law without signature  
17 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
18 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
19 effective on the day following such approval.

---

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

---

McVea

HB No. 821

**Abstract:** Provides that preferred provider organization arrangements or agreements relative to workers' compensation claims are not subject to certain penalty provisions of present law regulating preferred provider organizations.

Present law provides for regulation of preferred provider organizations (PPOs). Specifically provides relative to certain practices by preferred provider organizations (PPOs) and group purchasers establishing PPOs, as follows:

- (1) Provides that a PPO's alternative rates of payment shall not be binding upon a health care provider unless the PPO is clearly identified on the benefit card issued by the group purchaser or other entity accessing a group purchaser's contractual agreement or agreements and presented to the participating provider when medical care is provided. Provides for a procedure to be used to determine which applicable contractual agreement shall be binding on a provider when more than one PPO is shown on the benefit card.
- (2) Provides that a PPO agreement shall not be applied or used on a retroactive basis unless all providers of medial services that are affected by the application of alternative rates of payment receive written notification from the entity that seeks such an arrangement and agree in writing to be reimbursed at the alternative rates of payment.
- (3) Provides that no provider shall be bound by the terms of a PPO agreement that is in violation of present law.
- (4) Provides that any claim submitted by a provider for services provided to a person identified by the provider and a group purchaser as eligible for alternative rates of payment in a PPO agreement shall be subject to standards for claims submission and timely payment.
- (5) Prohibits a group purchaser establishing a PPO from charging a credentialing fee or any other type of monetary fee when no access to a group purchaser is provided. However, provides that a provider who participates in a PPO may be charged a reasonable fee either on a periodic basis or based on the tangible benefits received from continued participation in the PPO. Also allows such a fee to be based on actual utilization of alternative rates of payment by group purchasers or other authorized entities or another reasonable basis other than membership.
- (6) Provides that present law shall not apply to a group purchaser when providing health benefits through its own network or direct provider agreements or to such agreements of a group purchaser.

Present law provides that failure to comply with its provisions specified in (1), (2), (3), (5), and (6) above shall subject a group purchaser to damages payable to the provider of double the fair market value of the medical services provided, but not less than the greater of \$50 per day of noncompliance or \$2,000, plus attorney fees.

Proposed law provides that PPO arrangements or agreements regarding or applied to workers' compensation claims are not subject to present law relative to damages payable to a provider for failure to comply with present law.

Proposed law provides that it is intended to clarify all provisions of present law relative to regulation of PPOs and therefore is interpretive in nature.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 40:2203.1(H))