



MAG Issue Brief

Health insurance reform: Rental bill (S.B. 50)

The Issue

Physicians and other health care providers are receiving payments below their billed or contracted charges. These reduced payments are often inappropriate and unauthorized by the physician or the health care provider. Physicians and other health care providers are often unable to determine the identity of the payers to verify the legitimacy of the discount. Physicians and other health care providers simply want **transparency and fairness in the contracting process**.

How the Contracting Process Works

Physicians and other health care providers join insurance company networks. They provide care at a discounted rate in exchange for network access. It's a mutually-beneficial relationship, as the insurance companies get access to discounted physician rates while the physicians and other health care providers enjoy increased patient volume. However, there are third parties that are inappropriately accessing these discounted rates without having a contract with the physician or other health care provider. And when these discounts are inappropriately taken, the patient's medical bill often fails to note who is paying for the services and/or the source of the discount. Consequently, the relationship between the patient and their physician or health care provider suffers.

Model Bill

The National Conference of Insurance Legislators Executive Committee (NCOIL) approved a model bill to address this nationally-recognized problem, with input from the American Association of Preferred Provider Organizations, the American Medical Association, America's Health Insurance Plans, Blue Cross Blue Shield Association, the Council for Affordable Health Insurance, and the Wisconsin Preferred Provider Organization. **Similar legislation has passed in Florida, Ohio, Connecticut, Indiana, Tennessee, Vermont, and Colorado.**

Key S.B. 50 Benefits

Insurance companies get access to physician discounts and unlimited third-party PPO contract rentals. Physicians get access to comprehensive network information.

Key S.B. 50 Provisions

S.B. 50 requires all parties accessing the discounts to be contracted with the physician or other health care providers. The bill contains a notification requirement for PPOs to provide physicians with the list of third parties with access to network contracts on a periodic basis. This information has to be made available to physicians by e-mail, mail and/or posted on a secure Web site.

Key S.B. 50 Components

- Establishes criteria for network/discount access and contract termination
- Outlines contracting entity's rights and responsibilities
- Requires PPOs to disclose third-party access network to physicians/providers and contracting entities
- Provides for registration of unlicensed contracting entities
- Prohibits and penalizes unauthorized access to network contracts