

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2185 Session of
1995

INTRODUCED BY COLAFELLA, TRELLO, CURRY, SCHRODER, COY, BELARDI,
LEDERER, THOMAS, OLASZ, MANDERINO, STURLA, DEMPSEY, GANNON,
TRICH, DeLUCA, ITKIN, KING AND RAMOS, NOVEMBER 1, 1995

REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,
NOVEMBER 1, 1995

AN ACT

1 Amending the act of December 29, 1972 (P.L.1701, No.364),
2 entitled "An act providing for the establishment of nonprofit
3 corporations having the purpose of establishing, maintaining
4 and operating a health service plan; providing for
5 supervision and certain regulations by the Insurance
6 Department and the Department of Health; giving the Insurance
7 Commissioner and the Secretary of Health certain powers and
8 duties; exempting the nonprofit corporations from certain
9 taxes and providing penalties," defining "practice
10 parameters"; requiring certain disclosures; and further
11 providing for filing with the Department of Health.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 3 of the act of December 29, 1972
15 (P.L.1701, No.364), known as the Health Maintenance Organization
16 Act, is amended by adding a definition to read:

17 Section 3. Definitions.--As used in this act:

18 * * *

19 "Practice parameters" means guidelines, standards and other
20 patient care regimens, including, but not limited to, length-of-
21 stay guidelines, that are designed to assist physicians and

health maintenance organization reviewers in clinical decision making, such as preadmission authorization determinations and reimbursement decisions.

* * *

Section 2. Sections 4 and 8(a) of the act, amended December 19, 1980 (P.L.1300, No.234), are amended to read:

Section 4. Services Which Shall be Provided; Requirements.--

(a) Any law to the contrary notwithstanding, any corporation may establish, maintain and operate a health maintenance organization upon receipt of a certificate of authority to do so in accordance with this act.

(b) Such health maintenance organizations shall:

(1) Provide either directly or through arrangements with others, basic health services to individuals enrolled;

(2) Provide either directly or through arrangements with other persons, corporations, institutions, associations or entities, basic health services; [and]

(3) Provide physicians' services (i) directly through physicians who are employes of such organization, (ii) under arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis or (iii) under similar arrangements which are found by the secretary to provide adequate financial incentives for the provision of quality and cost-effective care[.];

(4) Disclose to individuals enrolled the name of any official publication that is used by the health maintenance

1 organization's nonphysician reviewers in determining practice
2 parameters; and

3 (5) Provide to individuals enrolled written copies of the
4 actual practice parameters used by the health maintenance
5 organization if the actual practice parameters differ from any
6 official publication.

7 Section 8. Contracts with Practitioners, Hospitals,
8 Insurance Companies, Etc.--(a) Contracts enabling the
9 corporation to provide the services authorized under section 4
10 of this act made with hospitals and practitioners of medical,
11 dental and related services shall be filed with the secretary
12 along with the practice parameters used by the health
13 maintenance organization. The secretary shall have power to
14 require immediate renegotiation of such contracts whenever he
15 determines that they provide for excessive payments, or that
16 they fail to include reasonable incentives for cost control, or
17 that they otherwise substantially and unreasonably contribute to
18 escalation of the costs of providing health care services to
19 subscribers, or that they are otherwise inconsistent with the
20 purposes of this act.

21 * * *

22 Section 3. This act shall take effect in 60 days.