

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB2870
Version:	CS
Request Number:	11543
Author:	Rep. Perryman
Date:	3/10/2020
Impact:	OID: 5 FTE See Below

Research Analysis

The CS to HB 2870 creates the Small Rural Oklahoma Hospital Survival Act. The act is intended to provide contracting and reimbursement fairness for small rural Oklahoma hospitals. The measure defines *small rural Oklahoma hospital* as any Oklahoma hospital with 100 beds or fewer, or having an acute care average daily census fewer than 50 patients, in a county with a population smaller than 300,000.

The measure requires all contracts between insurers and small rural Oklahoma hospitals to:

- Provide reimbursement rates equal to 100% of the prevailing market rate or 100% of the hospital's billed charges,
- Guarantee payment for prior authorized services,
- Allow any Oklahoma-licensed physician to be an in-network provider, regardless of obtaining admitting privileges to an in-network hospital,
- Be public record and posted on the Oklahoma Insurance Department website,
- Be standard and simple contracts, not to exceed 25 pages in length, and
- Be renegotiated at least once every three years.

Health insurers may not discourage insureds from utilizing services from a small rural Oklahoma hospital. Contracts between health insurers and small rural Oklahoma hospitals may not contain confidentiality terms, such as gag clauses or non-disparagement agreements. Further, health insurers with at least 1,000 subscribers or 3,000 beneficiaries must include a small rural Oklahoma hospital in its network. Further, no contract between a health insurer and small rural Oklahoma hospital may include an all-products clause or most-favored nation clause. An *all-products clause* is defined as a provision requiring a provider to provide services in another network affiliated with the contracting insurer. A *most-favored nation clause* is defined as a provision disciplining providers when contracting with other entities at a lower price. Lastly, health insurers must notify providers of any material change in the contract within 90 days' notice.

The Oklahoma Insurance Department is directed to maintain and publish data on prevailing market and Medicare reimbursement rates for urban, rural, and small rural Oklahoma hospitals. The Insurance Commissioner is directed to promulgate rules.

Prepared By: Anna Rouw

Fiscal Analysis

The Oklahoma Insurance Department (OID) does not currently have personnel to review the type of contracts noted in the measure. To accommodate the bill, there is an anticipated need for five (5) new FTEs. The fiscal impact is anticipated to range between \$500,000-\$700,000.

<u>Anticipated Up to 5 Additional FTE</u>	<u>Annual Salary Estimates/Individual</u>	<u>Total Per Estimates/ Group</u>
3 Financial Analysts	70,000	210,000
2 Attorneys with Advanced Contract Knowledge	100,000	400,000

Prepared By: Jenny Mobley

Other Considerations

None.