

STATEMENT TO

**ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2420, 2623 and 2668**

with Assembly Floor Amendments
(Proposed By Assemblywoman VANDERVALK)

ADOPTED: MAY 22, 1997

These amendments clarify the language of section 7 of the substitute with respect to health care professionals' applications to participate in a carrier's managed care plan.

Amendments clarify that a carrier's contract with a health care provider shall state that the health care provider shall not be penalized or the contract terminated by the carrier because the health care provider acts as an advocate for the patient in seeking appropriate, medically necessary health care services, rather than covered health care services, as the substitute originally provided. Amendments also delete the phrase "in the opinion of the medical director" with respect to the prohibition on carrier contracts that provide financial incentives to withhold medically necessary services.

Amendments clarify that "point-of-service" may only be offered as a plan, deleting the term rider, to conform the substitute with recently adopted health maintenance organization (HMO) regulations and Department of Banking and Insurance policy. The amendments also exempt federally qualified, nonprofit HMOs from the requirement to offer the point-of-service plan and delete the exemption from this requirement for managed care plans that have been in operation in this State for less than three years.

Amendments provide that a carrier which offers a managed care plan utilizing a selective contracting arrangement approved in accordance with Department of Banking and Insurance regulations, that provides benefits for out-of-network providers, shall be deemed to be in compliance with this requirement. Also, an HMO affiliated with an insurance company authorized to issue health benefits plans in this State that offers point-of-service benefits exclusively through a point-of-service plan provided by the affiliated insurance company using a selective contracting arrangement, shall be deemed to be in compliance with this requirement if it offers the point-of-service plan to every contract holder as required in the substitute.

Amendments delete the provision that pharmaceutical products are not subject to the Independent Health Care Appeals Program. This amendment conforms the appeals program with the provisions of recently adopted HMO regulations.

Amendments also provide that the independent utilization review

organization in the Independent Health Care Appeals Program shall base its medical necessity reviews on applicable, generally accepted practice guidelines developed by the federal government, national or professional medical societies, boards or associations and any applicable clinical protocols or practice guidelines developed by the carrier, rather than available practice guidelines, as the substitute originally provided. This amendment conforms the provisions of the substitute with recently adopted HMO regulations governing independent patient appeals.