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136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Mathews

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SUMMARY

- Clarifies that a material amendment to a health care contract includes an amendment to any program, policy, or procedure of the contracting entity that is applicable to participating providers under the contract.
- Clarifies that if an amendment to a health care contract is a material amendment, the contracting entity must provide notice in writing within 90 days of the effective date of the amendment, instead of providing that a material amendment can occur only if the contracting entity provides such notice.
- Extends the period during which a participating provider may object in writing to the proposed material amendment from 15 to 30 days after receiving it.
- Repeals current law permitting either party to terminate the health care contract if there is no resolution to the objection, instead requiring the parties to confer to resolve the objection and prohibiting the material amendment from taking effect unless both parties agree in writing.

DETAILED ANALYSIS

Material amendments

The bill makes changes to insurance law pertaining to material amendments to health care contracts. Under current law, a “material amendment” is an amendment to a health care contract that (1) decreases the participating provider’s payment or compensation, (2) changes the administrative procedures in a way that may reasonably be expected to significantly increase the provider’s administrative expenses, or (3) adds a new product. It does not include:¹

¹ R.C. 3963.01(M).

- A decrease in payment solely from a change in a published fee schedule upon which compensation is based, if the date of the decrease is clearly identified in the contract;
- A decrease in payment or compensation that was anticipated under the terms of the contract, if the amount and effective date is clearly identified in the contract;
- An administrative change that may significantly increase the provider's administrative expense, if clearly identified in the contract;
- Changes to an existing prior authorization, precertification, notification, or referral program that do not substantially increase the provider's administrative expenses;
- Changes to an edit program or to specific edits, if notice is given to the provider sufficient for the provider to determine the effect of the change;
- Changes to a health care contract that are otherwise exempt under continuing law, such as if delay caused by the change could cause imminent harm to an enrollee, if the change is required by federal or state law, if the change is based solely on a change in federal Medicare or Medicaid reimbursement rates, if the provider affirmatively agrees to the change, or if the change is a routine change made in response to a change in billing codes or other third party codes.²

The bill clarifies that a material amendment meeting the above criteria includes an amendment to any program, policy, or procedure of the contracting entity that is applicable to participating providers under the health care contract (for example, amendments to a provider manual).³

Requirements

Continuing insurance law imposes notice requirements for material amendments to health care contracts. The bill clarifies that if an amendment to a health care contract is a material amendment, the contracting entity must provide to the participating provider the proposed material amendment and notice of the proposed material amendment in writing not later than 90 days before its effective date. Current law provides that a material amendment can occur only if the contracting entity provides to the participating provider the material amendment and notice of it in writing not later than 90 days before its effective date.⁴

The bill extends the time period during which the participating provider may object in writing to the proposed material amendment from 15 to 30 days after receiving it. Under the bill, if the participating provider objects during that time period, the contracting entity and the participating provider must confer within 30 days of the notice of objection, in an effort to resolve

² R.C. 3963.01(M) and 3963.04(B).

³ R.C. 3963.01(M).

⁴ R.C. 3963.04(A)(2).

the objection. The bill further provides that the proposed material amendment is not effective unless both parties agree to it in writing.⁵

Termination of the contract

The bill repeals current law permitting either party to terminate the health care contract if there is no resolution of the objection to the material amendment. Under current law, the party must provide notice of the termination to the other party in writing not later than 60 days before the effective date of the material amendment.⁶

HISTORY

Action	Date
Introduced	11-12-25

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⁵ R.C. 3963.04(A)(3).

⁶ R.C. 3963.04(A)(3).