As Introduced

131st General Assembly
Regular Session **S. B. No. 72**
2015-2016

Senator Tavares
Cosponsors: Senators Brown, Skindell

A BILL

To amend sections 3901.38, 3901.383, and 3901.3814 and to repeal section 5167.25 of the Revised Code to specify that the Ohio prompt payment law applies to payment of claims by Medicaid managed care organizations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3901.38, 3901.383, and 3901.3814 of the Revised Code be amended to read as follows:

Sec. 3901.38. As used in this section and sections 3901.381 to 3901.3814 of the Revised Code:

(A) "Beneficiary" means any policyholder, subscriber, member, employee, or other person who is eligible for benefits under a benefits contract.

(B) "Benefits contract" means a sickness and accident insurance policy providing hospital, surgical, or medical expense coverage, or a health insuring corporation contract or other policy or agreement under which a third-party payer agrees to reimburse for covered health care or dental services rendered to beneficiaries, up to the limits and exclusions contained in

the benefits contract.

(C) "Hospital" has the same meaning as in section 3727.01 of the Revised Code.

(D) "Medicaid managed care organization" means a managed care organization that has a contract with the department of medicaid pursuant to section 5167.10 of the Revised Code.

(E) "Provider" means a hospital, nursing home, physician, podiatrist, dentist, pharmacist, chiropractor, or other health care provider entitled to reimbursement by a third-party payer for services rendered to a beneficiary under a benefits contract.

~~(E)~~ (F) "Reimburse" means indemnify, make payment, or otherwise accept responsibility for payment for health care services rendered to a beneficiary, or arrange for the provision of health care services to a beneficiary.

~~(F)~~ (G) "Third-party payer" means any of the following:

(1) An insurance company;

(2) A health insuring corporation;

(3) A labor organization;

(4) An employer;

(5) An intermediary organization, as defined in section 1751.01 of the Revised Code, that is not a health delivery network contracting solely with self-insured employers;

(6) An administrator subject to sections 3959.01 to 3959.16 of the Revised Code;

(7) A health delivery network, as defined in section 1751.01 of the Revised Code;

(8) A medicaid managed care organization;

(9) Any other person that is obligated pursuant to a benefits contract to reimburse for covered health care services rendered to beneficiaries under such contract.

Sec. 3901.383. (A) A provider and a third-party payer may do either of the following:

(1) Enter into a contractual agreement under which time periods shorter than those set forth in section 3901.381 of the Revised Code are applicable to the third-party payer in paying a claim for any amount due for health care services rendered by the provider;

(2) Enter into a contractual agreement under which the timing of payments by the third-party payer is not directly related to the receipt of a claim form. The contractual arrangement may include periodic interim payment arrangements, capitation payment arrangements, or other periodic payment arrangements acceptable to the provider and the third-party payer. Under a capitation payment arrangement, the third-party payer shall begin paying the capitated amounts to the beneficiary's primary care provider not later than sixty days after the date the beneficiary selects or is assigned to the provider. Under any other contractual periodic payment arrangement, the contractual agreement shall state, with specificity, the timing of payments by the third-party payer.

(B) ~~Regardless of whether a third-party payer is exempted under division (D) of section 3901.3814 from sections 3901.38 and 3901.381 to 3901.3813 of the Revised Code, a~~ A provider and ~~the~~ a third-party payer, including a third-party payer that provides coverage under the medicaid program, shall not enter

into a contractual arrangement under which time periods longer than those provided for in paragraph (c)(1) of 42 C.F.R. 447.46 are applicable to the third-party payer in paying a claim for any amount due for health care services rendered by the provider.

Sec. 3901.3814. (A) Sections 3901.38 and 3901.381 to 3901.3813 of the Revised Code do not apply to the following:

~~(A)~~ (1) Policies offering coverage that is regulated under Chapters 3935. and 3937. of the Revised Code;

~~(B)~~ (2) An employer's self-insurance plan and any of its administrators, as defined in section 3959.01 of the Revised Code, to the extent that federal law supersedes, preempts, prohibits, or otherwise precludes the application of any provisions of those sections to the plan and its administrators;

~~(C)~~ (3) A third-party payer for coverage provided under the medicare advantage program operated under Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C.A. 301, as amended;

~~(D) A third-party payer for coverage provided under the medicaid program, except that if a federal waiver applied for under section 5167.25 of the Revised Code is granted or the medicaid director determines that this provision can be implemented without a waiver, sections 3901.38 and 3901.381 to 3901.3813 of the Revised Code apply to claims submitted electronically or non-electronically that are made with respect to coverage of medicaid recipients by health insuring corporations licensed under Chapter 1751. of the Revised Code, instead of the prompt payment requirements of 42 C.F.R. 447.46;~~

~~(E)~~ (4) A third-party payer for coverage provided under the

tricare program offered by the United States department of defense.

(B) The application of sections 3901.38 to 3901.3814 of the Revised Code to medicaid managed care organizations does not affect the authority of the department of medicaid to do either of the following:

(1) Act as the single state agency to supervise administration of the medicaid program, as specified in section 5162.03 of the Revised Code;

(2) Enter into contracts with managed care organizations under section 5167.10 of the Revised Code.

Section 2. That existing sections 3901.38, 3901.383, and 3901.3814 and section 5167.25 of the Revised Code are hereby repealed.