

JAN 25 2006

S.B. NO. 2464

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# A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that health care  
2 providers are not always being reimbursed for health care  
3 services they provide to patients. Preferred provider  
4 organization (PPO) plans offer flexibility to policy holders by  
5 allowing them to choose professional services from out-of-  
6 network health care providers. When a policy holder receives  
7 health care from an out-of-network provider, the usual practice  
8 has been that the insurance company pays the policy holder  
9 rather than the provider. In some cases this practice has  
10 resulted in health care providers not being paid for their  
11 services because the policy holder keeps the money.

12           The purpose of this Act is to require health insurance  
13 companies that offer preferred provider organization plans to  
14 pay the out-of-network health care provider directly.

15           SECTION 2. Chapter 431, article 10A, Hawaii Revised  
16 Statutes, is amended by adding a new section to be appropriately  
17 designated and to read as follows:



1            "§431:10A- Preferred provider organization plan; direct  
 2 payment. (a) All accident and health or sickness insurance  
 3 policies issued in the State that offer a preferred provider  
 4 organization plan shall pay out-of-network health care providers  
 5 directly for health care services provided to a policy holder.

6            (b) For the purposes of this section:

7            "Preferred provider organization" means a partnership,  
 8 association, corporation, or other entity that delivers or  
 9 arranges for the delivery of health services, and that has  
 10 entered into a written service arrangement or arrangements with  
 11 health professionals, a majority of whom are licensed to  
 12 practice medicine or osteopathy."

13            SECTION 3. Chapter 432, Article 1, Hawaii Revised  
 14 Statutes, is amended by adding a new section to be appropriately  
 15 designated and to read as follows:

16            "§432- Preferred provider organization plan; direct  
 17 payment. (a) All individual and group hospital and medical  
 18 service corporation contracts that offer a preferred provider  
 19 organization plan shall pay out-of-network health care providers  
 20 directly for health care services provided to a policy holder.

21            (b) For the purposes of this section:



1       "Preferred provider organization" means a partnership,  
2 association, corporation, or other entity that delivers or  
3 arranges for the delivery of health services, and that has  
4 entered into a written service arrangement or arrangements with  
5 health professionals, a majority of whom are licensed to  
6 practice medicine or osteopathy."

7       SECTION 4. New statutory material is underscored.

8       SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:           *Rosalyn H Baker*          



SB2464

**Report Title:**

Health Insurance; PPO; Payment to Providers

**Description:**

Requires health insurance companies that offer preferred provider organization plans to pay out-of-network health care providers directly for health care services provided to policy holders.

