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American Association of Preferred Provider Organizations

**Testimony regarding Senate Bill 17**

**An Act Concerning Health Care Provider Rental Network Contract**

**Arrangements**

**Presented to the Joint Committee on Insurance and Real Estate**

**February 17, 2010**

Chairman Crisco, Chairman Fontana, Members of the Committee:

I am writing on behalf of the American Association of Preferred Provider Organizations (AAPPO), the leading national association of Preferred Provider Networks (PPNs) and affiliate organizations. Our 995 members include both PPNs and payers who offer PPO networks and PPO benefits. PPNs are today's most popular healthcare choice for 193 million consumers, which constitute 69 percent of all Americans with healthcare coverage. AAPPO and its members seek to advance the awareness of the — greater access, more choice and flexibility — that PPOs bring to American healthcare system.

AAPPO worked collaboratively with the National Conference of Insurance Legislators (NCOIL) to develop and adopt provider contracting model legislation in November 2008. AAPPO fully supports the NCOIL model legislation. AAPPO and AMA collectively published a PPO provider contracting toolkit for physicians and the PPO industry advocating that the same level of transparency be adhered to in all aspects of PPO provider contracting.

AAPPO sincerely believes that our collective goal should be to improve the flow of needed information among PPNs, payers and providers in order to improve the health care experience for all consumers. We would very much like to work with you to further accomplish this goal as it pertains to S.B. 17.

**Concerns with S.B. 17**

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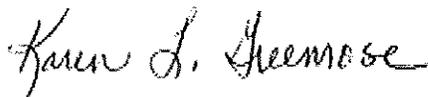
We support the current language of S.B. 17, but suggest two changes. The first is to update January 1, 2009, effective dates within the legislation to January 1, 2011, to make clear that industry members will have an opportunity to develop their internal reporting processes and come into compliance in a timely fashion.

Secondly, we suggest adding language that clarifies that any covered entity that sells, leases, rents, assigns or grants access to a provider's health care services, discounted rates or fees, must abide by the same transparency requirements as a contracting entity. This is a requirement in the model legislation developed by NCOIL on this issue, and we believe that the suggested language makes a necessary clarification in this bill's language.

The suggested modifications are attached to this testimony.

Thank you for your consideration.

Respectfully submitted,



Karen Greenrose.  
President

**Suggested Language for S.B. 17**  
(new text underlined)

Sec. 2. Section 42-491

(a) Any contracting entity that enters into or renews a contract with a health care provider on or after ~~January 1, 2009~~, January 1, 2011, and that sells, leases, rents, assigns or grants access to such provider's health care services, discounted rates or fees shall include in such contract a provision specifically stating that such contracting entity may sell, lease, rent, assign or grant access to such provider's health care services, discounted rates or the fees established in such contract.

(e) On and after ~~January 1, 2009~~, January 1, 2011, all remittance advices, whether written or electronic, shall clearly identify the following:

(f) On and after ~~January 1, 2009~~, January 1, 2011, any contracting entity or covered entity that issues a member identification card shall clearly mark on such card the address of the Internet web site or toll-free telephone number set forth in subdivision (1) of subsection (b) of this section.

(g) Any covered entity that enters into or renews a contract to gain access to a provider's health care services, discounted rates or fees and subsequently sells, leases, rents, assigns or grants access to such provider's health care services, discounted rates or fees shall be meet the same requirements of a contracting entity under this section.