



90 State Street • Suite 825
Albany, NY 12207-1717
518.462.2293
Fax: 518.462.2150
www.nyhpa.org

MEMO IN SUPPORT

FOR IMMEDIATE RELEASE: JUNE 20, 2007

Re: A.8128-A – (Gottfried)/S.3986-A – (Hannon)

An act to amend the public health law, the social services law and the insurance law in relation to claims for preauthorized health care services etc.

The New York Health Plan Association (HPA) supports the passage of A.8128-A/S.3986-A, legislation that was developed through direct negotiations between health plans, providers and the Department of Insurance and Department of Health. This legislation represents a compromise that clarifies several important consumer protections and should improve plan/provider relations.

PROVIDING CLARITY ON PRIOR AUTHORIZATIONS

A prior authorization from a health plan is not automatic approval for reimbursement of any procedure or service undertaken by the provider and is often contingent on certain conditions. In an effort to streamline the administration of prior authorizations, the legislation requires payment of certain services that previously might have been the subject of a dispute between the plan and provider. However, it preserves several important exceptions to this requirement including:

- Enrollee eligibility lapsed before the service was provided.
- Enrollees benefit limitations were exhausted.
- The preauthorization was based on inaccurate or incomplete information.
- The preauthorized service is related to a pre-existing condition
- Service is suspected of being fraudulent or the billing practice is abusive.
- A benefits review determines that the insurer was not the enrollee's prime coverage.

Accordingly, the bill should reduce friction between payors and providers in this area.

TIMELY CLAIMS SUBMISSIONS FOR OUT OF NETWORK PROVIDERS

This legislation establishes a new precedent by requiring out-of-network providers to submit claims for Medicaid managed care, Child Health Plus and Family Health Plus in a timely manner (with minor exceptions) or risk not being reimbursed for the service. This is an important gain for consumers and health plans because out-of-network providers are not required to submit claims in a timely manner. Obviously, the older the claim, the more difficulty there is in adjudicating it. This provision will, for the first time, hold these providers accountable for more timely claims submissions.

Another critical provision in this bill establishes a prohibition on provider balance billing for Child Health Plus. This long sought consumer reform will ensure that plan reimbursement for provider services will be

considered payment in full – keeping patients from getting unnecessary and unjustified bills from providers.

COOLING-OFF PERIOD WILL ENCOURAGE GOOD FAITH BARGAINING

A.8128-A/S.3968-A establishes a “cooling off” period of two months after a contract between a plan and a hospital is not renewed or is terminated by either party. Simultaneously, the legislation advances the date that plans must notify enrollees of the change in the network, allowing both sides an opportunity continue to negotiate in an environment conducive for reaching agreement. The legislation specifies that if both parties can agree, they can forego the “cooling off” period.

This reform eliminates a hospital negotiating tactic of terminating a contract during ongoing discussion, thereby triggering plan notice to patients and physicians that they will need to find an alternative hospital for care. The turmoil caused patients and physicians is eliminated by the “cooling off” provision as almost all plan and hospital contracts disputes are resolved.

A.8128-A/S.3986-A is a negotiated compromise that balances the needs of all parties. It represents significant reform and shows that when health plans and providers work collaboratively, they can make the process work better for New York consumers.

For all these reasons, HPA strongly supports its passage.

-30-

The New York Health Plan Association represents 30 managed care health plans that provide comprehensive health care services to nearly 6 million New Yorkers.