

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

S

3

SENATE BILL 877
Health Care Committee Substitute Adopted 5/12/09
Third Edition Engrossed 5/13/09

Short Title: Health Plan Provider Contracts/Transparency.

(Public)

Sponsors:

Referred to:

March 26, 2009

1 A BILL TO BE ENTITLED
2 AN ACT RELATING TO CONTRACTS BETWEEN HEALTH BENEFIT PLANS AND
3 HEALTH CARE PROVIDERS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 50 of Chapter 58 of the General Statutes is amended by
6 adding the following new Part to read:

7 "Part 7. Contracts between health benefit plans and health care providers.

8 **"§ 58-50-270. Definitions.**

9 Unless the context clearly requires otherwise, the following definitions apply in this Part.

10 (1) 'Amendment' – Any change to the terms of a contract, including terms
11 incorporated by reference, that modifies fee schedules. A change required
12 by federal or State law, rule, regulation, administrative hearing, or court
13 order is not an amendment.

14 (2) 'Contract' – An agreement between an insurer and a health care provider for
15 the provision of health care services by the provider on a preferred or in-
16 network basis.

17 (3) 'Health benefit plan' – A policy, certificate, contract, or plan as defined in
18 G.S. 58-3-167.

19 (4) 'Insurer' – An entity as defined in G.S. 58-3-227(a)(4).

20 **"§ 58-50-271. Notice contact provisions.**

21 (a) All contracts shall contain a "notice contact" provision listing the name or title and
22 address of the person to whom all correspondence, including proposed amendments and other
23 notices, pertaining to the contractual relationship between parties shall be provided. Each party
24 to a contract shall designate its notice contact under such contract.

25 (b) Date of receipt for all notices provided under a contract shall be calculated as five
26 business days following the date the notice is placed, first-class postage prepaid, in the United
27 States mail.

28 **"§ 58-50-272. Contract amendments.**

29 (a) A health benefit plan or insurer shall send any proposed contract amendment to the
30 notice contact of a health care provider pursuant to G.S. 58-50-271. The proposed amendment
31 shall be dated, labeled "Amendment," signed by the health benefit plan or insurer, and include
32 an effective date for the proposed amendment.

33 (b) A health care provider receiving a proposed amendment shall be given at least 60
34 days from the date of receipt to object to the proposed amendment. The proposed amendment
35 shall be effective upon the health care provider failing to object in writing within 60 days.



1 (c) If a health care provider objects to a proposed amendment, then the proposed
2 amendment is not effective and the initiating health benefit plan or insurer shall be entitled to
3 terminate the contract upon 60 days written notice to the health care provider.

4 **"§ 58-50-273. Policies and procedures.**

5 (a) A health benefit plan or insurer shall provide a copy of its policies and procedures to
6 a health care provider prior to execution of a new or amended contract and annually to all
7 contracted health care providers. Such policies and procedures may be provided to the health
8 care provider in hard copy, CD, or other electronic format, and may also be provided by
9 posting the policies and procedures on the Web site of the health plan or insurer.

10 (b) The policies and procedures of a health benefit plan or insurer shall not conflict with
11 or override any term of a contract, including contract fee schedules. In the event of a conflict
12 between a policy or procedure and the language in a contract, the contract language shall
13 prevail."

14 **SECTION 2.** This act becomes effective January 1, 2010, and applies to health
15 benefit plan contracts between health care providers and health benefit plans or insurers
16 delivered, amended, or renewed on and after that date.