HOUSE . . . . . No. 2357

By Mr. DeNucci of Newton, petition of A. Joseph DeNucci, Emmanuel G. Serra and Mary L. Padula for legislation relative to non-profit hospital service corporations.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Four.

AN ACT RELATIVE TO NON-PROFIT HOSPITAL SERVICE CORPORATIONS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 176A of the General Laws is hereby
2 amended by inserting after section 1 the following section: —
3 *Section 1A.* Any person residing in the commonwealth shall
4 have the right to become a subscriber of a non-profit hospital
5 services corporation if the qualifications of such person meet
6 those specified in the bylaws of such corporation; provided,
7 however, that such corporation may, in its discretion, refuse
8 to issue a subscription certificate to, or upon due notice, can-
9 cel the subscription certificate of any person who has made
10 any fraudulent claim or representation to such corporation, or
11 has been guilty of uncooperative or unethical dealings with
12 such corporation, or has failed to pay dues and assessments
13 seasonably and promptly, or for any other cause which may
14 be approved by the commissioner. Such corporation shall
15 provide for annual open enrollment periods of not less than
16 two months' duration. Proper notification shall be given to
17 prospective subscribers in a form subject to approval by the
18 commissioner.

1 SECTION 2. Section 6 of said chapter 176A is hereby amend-
2 ed by striking out the second paragraph and inserting in place

3 thereof the following paragraph: The commissioner shall ap-
4 prove or disapprove such contracts or rates within thirty days
5 following the conclusion of the public hearing, to be effective
6 not earlier than thirty days subsequent to such approval. No
7 such contracts shall be approved if the benefits provided there-
8 in are unreasonable in relation to the rate charged, nor if the
9 rates are excessive, inadequate or unfairly discriminatory.
10 The commissioner shall make a finding on the basis of informa-
11 tion submitted by a non-profit medical corporation that such
12 corporation employs a utilization review program and other
13 techniques acceptable to him which have had or are expected
14 to have a demonstrated impact on the prevention of reim-
15 bursement by such corporation for services which are not
16 medically necessary. The contracts and rates so approved shall
17 be applicable to all such subscribers except as otherwise here-
18 in provided whether such subscribers become such before or
19 after the effective date thereof, and shall continue in effect
20 for not less than twelve months after said effective date and
21 thereafter until any changes shall have been approved as pro-
22 vided above, except that an increase in benefits to subscrib-
23 ers may, with the approval of the commissioner, be allowed
24 at any time and provided that such contracts may be can-
25 celled for non-payment of subscribers' fee, misrepresentation
26 or fraud or as provided in sections eight and ten. No classifica-
27 tion of risk may be established on the basis of age. Rates
28 charged to non-group subscribers with contracts providing
29 supplemental coverage to medicare or other governmental
30 programs shall not be approved by the commissioner if they in-
31 clude a subscriber's contribution to the reserves of the corpora-
32 tion or do not provide a credit subject to the approval of the
33 commissioner.

1 SECTION 3. Section 4 of chapter 176B of the General Laws
2 is hereby amended by striking out the second paragraph and
3 inserting in place thereof the following paragraph: — Any
4 agreement between a medical service corporation and a person
5 whereby such corporation undertakes to furnish benefits for
6 medical service to said person and his covered dependents, if

7 any, shall be considered a non-group medical service agree-
8 ment. Under such an agreement the form of subscription cer-
9 tificate and the rates charged by such corporation to the sub-
10 scribers shall be filed with and receive the prior approval of
11 the commissioner. Rates charged to non-medicare or other
12 governmental programs shall not be approved by the com-
13 missioner if they include a subscriber's contribution to the
14 reserves of the corporation or do not provide a credit against
15 the corporation's income on investments in an amount subject
16 to the approval of the commissioner. No such agreement shall
17 be approved if he finds that the benefits provided therein are
18 unreasonable in relation to the rate charged, nor if the rates
19 charged are excessive, inadequate or unfairly discriminatory.
20 The commissioner shall make a finding on the basis of in-
21 formation submitted by a non-profit medical service corpora-
22 tion that such corporation employs a utilization review pro-
23 gram and other techniques acceptable to him which have had
24 or are expected to have a demonstrated impact on the pre-
25 vention of reimbursement by such corporation for services
26 which are not medically necessary.

1 SECTION 4. The fourth paragraph of section 4 of said chap-
2 ter 176B is hereby amended by adding the following sen-
3 tence: — No classification of risk may be established on the
4 basis of age.

1 SECTION 5. Section 5 of said chapter 176B is hereby amend-
2 ed by adding the following two sentences: — Such corpora-
3 tion shall provide for annual open enrollment periods of not
4 less than two months' duration. Proper notification shall be
5 given to prospective subscribers in a form subject to approval
6 by the commissioner.