

# HOUSE . . . . . No. 2485

By Mr. Herren of Fall River, petition of Albert Herren and other members of the General Court for legislation to require insurance companies to collect copayments and deductibles. Insurance.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

### AN ACT TO REQUIRE INSURERS TO COLLECT COPAYMENTS AND DEDUCTIBLES.

*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. Section 108 of Chapter 175 of the Massachusetts  
2 General Laws is hereby amended by adding after the last  
3 paragraph, the following paragraphs: —

4 Any insurance company licensed under this chapter and  
5 providing health insurance benefits or any legal entity or third  
6 party administrator including but not limited to those licensed  
7 under this chapter which provide administrative services for  
8 health insurance benefits under an employer self-insured plan to  
9 Massachusetts employer or employee groups; employees and  
10 students working at or enrolled in colleges and universities located  
11 within the Commonwealth of Massachusetts; and employees of  
12 the Commonwealth, any department, agency, board or  
13 commission of the Commonwealth or any political subdivision  
14 thereof shall, within sixty days after passage of this legislation,  
15 submit to the Massachusetts Division of Insurance, for approval,  
16 certain amendments to health insurance plans and/or policies  
17 covering the said groups.

18 The amended plans or policies, including self-insured plans,  
19 must provide for full payment by the insurance company to any  
20 hospital in Massachusetts for covered services provided by said  
21 hospital and rendered to the insured. Said payment shall be at  
22 the hospital's charge rate billed by the hospital for services  
23 rendered to the extent that a hospital and insurance company have

24 not agreed to a different rate of payment, and shall include  
25 payment for any copayment, coinsurance and/or deductible listed  
26 in the beneficiary's plan. Furthermore, any such amended plan  
27 or policy shall include the method by which the insurance  
28 company shall be reimbursed by the group account. In no event  
29 shall the group account collect from the insured payments in  
30 excess of the applicable copayment, deductible, and coinsurance.

31 Within one hundred and twenty days after passage of this  
32 legislation, the Division of Insurance shall have approved  
33 amendments to policies and plans so submitted and the  
34 amendments shall become effective on the one hundred and  
35 twenty-first day following passage of this legislation. In the event  
36 that the insurance company fails to submit an acceptable  
37 amendment to the Division of Insurance, the Division of  
38 Insurance shall mandate changes to the affected policies and/or  
39 plans to be in accordance with the intent of this legislation.

1 SECTION 2. Section 10 of Chapter 176A of the Massachusetts  
2 General Laws is hereby amended by inserting after the first  
3 paragraph, the following paragraphs: —

4 A hospital service company organized under this chapter and  
5 providing health insurance benefits or any legal entity or third  
6 party administrator including but not limited to those organized  
7 under this chapter which provide administrative services for  
8 health insurance benefits under an employer self-insured plan to  
9 Massachusetts employer or employee groups; employees and  
10 students working at or enrolled in colleges and universities located  
11 within the Commonwealth of Massachusetts; and employees of  
12 the Commonwealth, any department, agency, board or  
13 commission of the Commonwealth or any political subdivision  
14 thereof shall, within sixty days after passage of this legislation,  
15 submit to the Massachusetts Division of Insurance, for approval,  
16 certain amendments to health insurance plans and/or policies  
17 covering the said groups.

18 The amended plans or policies, including self-insured plans,  
19 must provide for full payment by the hospital service corporation  
20 to any hospital in Massachusetts for covered services provided by  
21 said hospital and rendered to the subscriber. Said payment shall  
22 be at the hospital's charge rate billed by the hospital for services

23 rendered to the extent that a hospital and the hospital service  
24 corporation have not agreed to a different rate of payment, and  
25 shall include payment for any copayment, coinsurance and/or  
26 deductible listed in the beneficiary's plan. Furthermore, any such  
27 amended plan or policy shall include the method by which the  
28 hospital service corporation shall be reimbursed by the group  
29 account. In no event shall the group account collect from the  
30 subscriber payments in excess of the applicable copayment,  
31 deductible, and coinsurance.

32 Within one hundred and twenty days after passage of this  
33 legislation, the Division of Insurance shall have approved  
34 amendments to policies and plans so submitted and the  
35 amendments shall become effective on the one hundred and  
36 twenty-first day following passage of this legislation. In the event  
37 that the hospital service corporation fails to submit an acceptable  
38 amendment to the Division of Insurance, the Division of  
39 Insurance shall mandate changes to the affected policies and/or  
40 plans to be in accordance with the intent of this legislation.

1 SECTION 3. Section 4 of Chapter 176B of the Massachusetts  
2 General Laws is hereby amended by inserting after the sixth  
3 paragraph, the following paragraphs: —

4 A medical service company organized under this chapter and  
5 providing health insurance benefits or any legal entity or third  
6 party administrator including but not limited to those organized  
7 under this chapter which provide administrative services for  
8 health insurance benefits under an employer self-insured plan to  
9 Massachusetts employer or employee groups; employees and  
10 students working at or enrolled in colleges and universities located  
11 within the Commonwealth of Massachusetts; and employees of  
12 the Commonwealth, any department, agency, board or  
13 commission of the Commonwealth or any political subdivision  
14 thereof shall, within sixty days after passage of this legislation,  
15 submit to the Massachusetts Division of Insurance, for approval,  
16 certain amendments to health insurance plans and/or policies  
17 covering the groups.

18 The amended plans or policies, including self-insured plans,  
19 must provide for full payment by the medical service corporation  
20 to any hospital in Massachusetts for covered services provided by

21 said hospital and rendered to the subscriber. Said payment shall  
22 be at the hospital's charge rate billed by the hospital for services  
23 rendered to the extent that a hospital and the medical service  
24 corporation have not agreed to a different rate of payment, and  
25 shall include payment for any copayment, coinsurance and/or  
26 deductible listed in the beneficiary's plan. Furthermore, any such  
27 amended plan or policy shall include the method by which the  
28 medical service corporation shall be reimbursed by the group  
29 account. In no event shall the group account collect from the  
30 subscriber payments in excess of the applicable copayment,  
31 deductible, and coinsurance.

32 Within one hundred and twenty days after passage of this  
33 legislation, the Division of Insurance shall have approved  
34 amendments to policies and plans so submitted and the  
35 amendment shall become effective on the one hundred and  
36 twenty-first day following passage of this legislation. In the event  
37 that the medical service corporation fails to submit an acceptable  
38 amendment to the Division of Insurance, the Division of  
39 Insurance shall mandate changes to the affected policies and/or  
40 plans to be in accordance with the intent of this legislation.

1 SECTION 4. Chapter 176G of the Massachusetts General  
2 Laws is hereby amended by adding after Section 4D, the following  
3 new Section: —

4 Section 4E. A health maintenance organization organized  
5 under this chapter and providing health benefits or any legal entity  
6 or third party administrator including but not limited to those  
7 organized under this chapter which provide administrative  
8 services for self-insured health benefits to: Massachusetts  
9 employer or employee groups; employees and students working  
10 at or enrolled in colleges and universities located within the  
11 Commonwealth of Massachusetts; and employees of the  
12 Commonwealth, any department, agency, board or commission  
13 of the Commonwealth or any political subdivision thereof shall,  
14 within sixty days after passage of this legislation, submit to the  
15 Massachusetts Division of Insurance, for approval, certain  
16 amendments to health service plans and/or policies covering the  
17 said groups.

18 The amended plans and/or policies, including self-insured  
19 plans, must provide for full payment by the health maintenance  
20 organization to any hospital in Massachusetts for covered services  
21 provided by said hospital and rendered to the beneficiary. Said  
22 payment shall be at the hospital's charge rate billed by the hospital  
23 for services rendered to the extent that a hospital and health  
24 maintenance organization have not agreed to a different rate of  
25 payment, and shall include payment for any copayment,  
26 coinsurance and/or deductible listed in the member's plan.  
27 Furthermore, any such amended plan or policy shall include the  
28 method by which the health maintenance organization shall be  
29 reimbursed by the group account. In no event shall the group  
30 account collect from the member payments in excess of the  
31 applicable copayment, deductible and coinsurance.

1 SECTION 5. Section 3 of Chapter 176I of the Massachusetts  
2 General Laws is hereby amended by adding after the last  
3 paragraph, the following: —

4 (e) A Preferred Provider Arrangement licensed under this  
5 chapter and providing health benefits or any legal entity including  
6 those organized under this chapter which provide administrative  
7 services for self-insured health benefits to Massachusetts employer  
8 or employee groups; employees and students working at or  
9 enrolled in colleges and universities located within the  
10 Commonwealth of Massachusetts; and employees of the  
11 Commonwealth, any department, agency, board or commission  
12 of the Commonwealth or any political subdivision thereof shall,  
13 within sixty days after passage of this legislation, submit to the  
14 Massachusetts Division of Insurance, for approval, certain  
15 amendments to health service plans and/or policies covering the  
16 said groups.

17 The amended plans and/or policies, including self-insured  
18 plans, must provide for full payment by the Preferred Provider  
19 Arrangement to any hospital in Massachusetts for covered  
20 services provided by said hospital and rendered to the covered  
21 person. Said payment shall be at the hospital's charge rate billed  
22 by the hospital for services rendered to the extent that a hospital  
23 and Preferred Provider Arrangement have not agreed to a  
24 different rate of payment, and shall include payment for any

25 copayment, coinsurance and/or deductible listed in the  
26 beneficiary's plan. Furthermore, any such amended plan or policy  
27 shall include the method by which the Preferred Provider  
28 Arrangement shall be reimbursed by the group account. In no  
29 event shall the group account collect from the covered person  
30 payments in excess of the applicable copayment, deductible, and  
31 coinsurance.

32 Within one hundred and twenty days after passage of this  
33 legislation, the Division of Insurance shall have approved  
34 amendments to policies and plans so submitted and the  
35 amendments shall become effective on the one hundred and  
36 twenty-first day following passage of this legislation. In the event  
37 that the Preferred Provider Arrangement fails to submit an  
38 acceptable amendment to the Division of Insurance, the Division  
39 of Insurance shall mandate changes to the affected policies and/or  
40 plans to be in accordance with the intent of this legislation.



