

**Senator Michael G. Waddoups** proposes the following substitute bill:

**PRIVATELY OWNED HEALTH CARE ORGANIZATION TASK FORCE**

2005 GENERAL SESSION

STATE OF UTAH

**Sponsor: Michael G. Waddoups**

D. Chris Buttars	Thomas V. Hatch	Mark B. Madsen
Gene Davis	Parley G. Hellewell	Ed Mayne
Mike Dmitrich	Scott K. Jenkins	Darin G. Peterson
Dan R. Eastman	Sheldon L. Killpack	Howard A. Stephenson
Beverly Ann Evans	Peter C. Knudson	David L. Thomas

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**LONG TITLE**

**General Description:**

This bill amends the Unfair Practices Act to prohibit unfair competition by a person who owns a controlling interest in a hospital and an insurer in the state, and creates the Integrated Health Care Organization Task Force.

**Highlighted Provisions:**

This bill:

- defines terms;
- establishes what constitutes unfair competition;
- provides for remedies for a violation of the act; and
- establishes a legislative task force to study the impact of integrated health care systems in the state, including state policy that promotes fair competition in the health care market.

**Monies Appropriated in this Bill:**

This bill appropriates:

- \$6,000 to the Senate for fiscal years 2004-05 and 2005-06;



- 27           ▶ \$9,000 to the House of Representatives for fiscal years 2004-05 and 2005-06; and
- 28           ▶ \$75,000 to the Office of Legislative Research and General Counsel for fiscal year
- 29 2004-05 only, for the purpose of providing economic and actuarial services to the
- 30 task force.

31 **Other Special Clauses:**

32           This bill provides an immediate effective date.

33           This bill provides a repeal date for the task force.

34 **Utah Code Sections Affected:**

35 ENACTS:

36           **13-5-19**, Utah Code Annotated 1953

37 **Uncodified Material Affected:**

38 ENACTS UNCODIFIED MATERIAL



40 *Be it enacted by the Legislature of the state of Utah:*

41           Section 1. Section **13-5-19** is enacted to read:

42           **13-5-19. Unfair competition between insurers and hospitals.**

43           (1) For purposes of this section:

44           (a) "Controlling interest" shall have the same meaning as in Section 16-6a-102.

45           (b) "Hospital" means a general acute hospital licensed under Title 26, Chapter 21,

46 Health Care Facility Licensing and Inspection Act.

47           (c) "Insurer" means:

48           (i) an entity offering:

49           (A) accident and health insurance; or

50           (B) health care services through a health maintenance organization; and

51           (ii) regulated in this state under:

52           (A) Title 31A, Insurance Code; or

53           (B) the federal Employee Retirement Income Security Act.

54           (2) Beginning ~~§~~ [January 1] July 1 ~~←~~§ , 2008, it is a violation of this chapter for a

54a person to own a

55 controlling interest in an insurer and a hospital in this state.

56           (3) The Legislature finds that a violation of Subsection (2) impairs or prevents fair  
57 competition, injures the public welfare, and is unfair competition contrary to public policy and

58 the policy of this chapter. The prohibition in Subsection (2) is intended to promote  
59 competition and to prevent market concentration.

60 (4) In addition to any other remedies provided by this chapter, a court may require the  
61 person charged with a violation of Subsection (2) to divest itself of all or part of its ownership  
62 in:

63 (a) the insurer; or

64 (b) the hospital in the state.

65 **Section 2. Integrated Health Care Organization Task Force -- Creation --**

66 **Membership -- Interim rules followed -- Compensation -- Staff.**

67 (1) There is created the Integrated Health Care Organization Task Force consisting of  
68 the following 15 members:

69 (a) six members of the Senate appointed by the president of the Senate, no more than  
70 four of whom may be from the same political party; and

71 (b) nine members of the House of Representatives appointed by the speaker of the  
72 House of Representatives, no more than six of whom may be from the same political party.

73 (2) (a) The president of the Senate shall designate a member of the Senate appointed  
74 under Subsection (1)(a) as a cochair of the task force.

75 (b) The speaker of the House of Representatives shall designate a member of the House  
76 of Representatives appointed under Subsection (1)(b) as a cochair of the task force.

77 (3) In conducting its business, the task force shall comply with the rules of legislative  
78 interim committees.

79 (4) Salaries and expenses of the members of the task force shall be paid in accordance  
80 with Section 36-2-2 and Legislative Joint Rule 15.03.

81 (5) The Office of Legislative Research and General Counsel shall provide staff support  
82 to the task force, and may, as permitted by the availability of funds, contract with an economist  
83 and an actuary for services to the task force.

84 **Section 3. Duties -- Interim report.**

85 (1) The task force shall review and make recommendations on the following issues:

86 (a) market penetration of integrated health care systems in the private health insurance  
87 market in the state;

88 (b) the impact of divestiture of integrated health care systems in the private health

89 insurance market in the state;

90 (c) state policies that promote fair and appropriate competition in the health care

91 market, including the application of anti-trust provisions to integrated health care

92 organizations;

93 (d) the tax free status of nonprofit integrated health care organizations; and

94 (e) the statutory definition of charitable care.

95 (2) A final report, including any proposed legislation shall be presented to the Business

96 and Labor Interim Committee before November 30, 2006.

97 **Section 4. Appropriation.**

98 (1) There is appropriated from the General Fund for fiscal year 2004-05 and fiscal year

99 2005-06 only:

100 (a) \$6,000 to the Senate to pay for the compensation and expenses of senators on the

101 task force; and

102 (b) \$ 9,000 to the House of Representatives to pay for the compensation and expenses

103 of representatives on the task force.

104 (2) There is appropriated from the General Fund for fiscal year 2004-05 only, \$75,000

105 to the Office of Legislative Research and General Counsel to pay for staffing the task force

106 with appropriate economic and actuarial services.

107 **Section 5. Effective date.**

108 If approved by two-thirds of all the members elected to each house, this bill takes effect

109 upon approval by the governor, or the day following the constitutional time limit of Utah

110 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,

111 the date of veto override.

112 **Section 6. Repeal date.**

113 Uncodified sections of this bill creating the Integrated Health Care Organization Task

114 Force are repealed on November 30, 2006.