

**Representative David Ure** proposes the following substitute bill:

**PATIENT ACCESS TO HEALTH CARE**

2006 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: David Ure**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill enacts the Health Care Organizations Practices Act.

**Highlighted Provisions:**

This bill:

- defines terms;
- requires a hospital to give at least the same discount to any patient, including an uninsured patient, that the hospital gives to an affiliated health care insurer;
- requires a hospital to disclose the prices and discounts it provides to an affiliated health care insurer to:
  - an uninsured individual; and
  - another health care insurer whose enrollees may receive services from the hospital;
- requires a hospital system with more than 45% of the inpatient beds statewide to:
  - negotiate contract terms that apply only to a particular hospital's service area;
  - create a fiduciary governing board for each hospital that represents the hospital's service area and is independent of the other hospital governing boards; and
- provides for penalties for violation of the act.

**Monies Appropriated in this Bill:**



None

**Other Special Clauses:**

This bill takes effect on July 1, 2006.

**Utah Code Sections Affected:**

ENACTS:

**13-5b-101**, Utah Code Annotated 1953

**13-5b-102**, Utah Code Annotated 1953

**13-5b-201**, Utah Code Annotated 1953

**13-5b-202**, Utah Code Annotated 1953

**13-5b-301**, Utah Code Annotated 1953

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

Section 1. Section **13-5b-101** is enacted to read:

**CHAPTER 5b. HEALTH CARE ORGANIZATION PRACTICES ACT**

**Part 1. General Provisions**

**13-5b-101. Title -- Liberally construed.**

(1) This chapter is known as the "Health Care Organization Practices Act."

(2) This chapter shall be liberally construed.

Section 2. Section **13-5b-102** is enacted to read:

**13-5b-102. Definitions.**

As used in this chapter:

(1) "Affiliated" means two or more persons that:

(a) directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control; or

(b) when one person owns at least 20% of the other person.

(2) "Discount" means any mechanism that has the effect in whole or in part of reducing the actual fee paid to or ultimately received by a hospital for a service in comparison to the price charged for the same service to any other person, including:

(a) any fee reduction from charges;

(b) any rebates;

(c) half backs; or

(d) internal transfers.

(3) "Health care insurer" means:

(a) a health maintenance organization as defined in Section 31A-8-101; or

(b) an insurer offering accident and health insurance as defined in Section 31A-1-301.

(4) "Hospital" means a:

(a) "general acute hospital" as defined in Section 26-21-2; or

(b) "specialty hospital" as defined in Section 26-21-2.

(5) "Patient" means any natural person who, as a result of a diagnosis, illness, or injury, needs treatment from a hospital or physician's employed by the hospital.

(6) "Service area" means the geographic area from which a hospital derives 80% of its total patient admissions.

Section 3. Section **13-5b-201** is enacted to read:

## **Part 2. Organization Practices**

### **13-5b-201. Discounts.**

(1) A hospital and a physician employed by a hospital shall give any patient who obtains services from the hospital or physician, including an uninsured patient, at least the greatest discount the hospital or physician provides to a patient who:

(a) is an enrollee of a health care insurer who is affiliated with the hospital; and

(b) receives the same services.

(2) The requirements of Subsection (1):

(a) are effective July 1, 2006 for uninsured individuals; and

(b) apply to any contracts entered into or renewed with a health care insurer after July 1, 2006.

(3) Beginning July 1, 2006, a hospital shall provide timely and accurate information on the hospital's and employed physician's price and discount for a service that is given to an affiliated health care insurer when requested by:

(a) an individual who is currently, or may become a patient of:

(i) the hospital; or

(ii) a physician employed by the hospital; and

(b) another health care insurer whose enrollee may receive services from the hospital or from a physician employed by the hospital.

Section 4. Section **13-5b-202** is enacted to read:

**13-5b-202. Areas of service -- Governing boards.**

(1) This section applies to an organization:

(a) that owns more than one hospital in the state; and

(b) whose hospitals in the state, when combined, account for more than 45% of the licensed in-patient hospital beds in the state.

(2) Beginning July 1, 2006, an organization described in Subsection (1) and any of its hospitals:

(a) may only enter into, or renew a contract with an accident and health insurer in the state that establishes terms and conditions specific to a particular hospital's service area;

(b) may not enter into a contract or renew a contract with an accident and health insurer in the state that establishes terms and conditions that apply to all hospitals owned by the organization; and

(c) shall establish an independent fiduciary governing board for each hospital that represents the interests of the hospital's service area.

Section 5. Section **13-5b-301** is enacted to read:

**Part 3. Penalties**

**13-5b-301. Penalties -- Private right of action.**

In addition to other penalties provided for under Title 13, Chapter 5, Unfair Practices Act and Title 76, Chapter 10, Part 9, Trade and Commerce, a hospital or organization that knowingly or with conscious disregard violates this chapter is subject to a private right of action under which a person injured by a violation of this chapter may receive:

(1) treble damages;

(2) costs of litigation;

(3) attorney's fees; and

(4) contractual damages that are otherwise available.

Section 6. **Effective date.**

This bill takes effect on July 1, 2006.