

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1265

Direct Payment for Services Under Health Insurance Policies

**SPONSOR(S):** Murzin and others

**TIED BILLS:**

**IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Insurance</u>	<u>9 Y, 0 N</u>	<u>Davis</u>	<u>Overton</u>
2) <u>Jobs &amp; Entrepreneurship Council</u>	<u></u>	<u></u>	<u></u>
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### SUMMARY ANALYSIS

This bill addresses the issue of direct payment of benefits to medical providers, specifically ambulance services providers. Health insurers are allowed to provide in their policies for direct payment of benefits to recognized hospitals, doctors, and other service providers.

Currently, in the absence of a prohibition in the insurance contract, when the insured specifically authorizes the payment, insurers are required to provide direct payment of benefits to certain providers (any recognized hospital, physician, or dentist).

Furthermore, when a licensed hospital, physician, or dentist provides care pursuant to the statutory provisions for access to emergency services and care, the insurer cannot prohibit direct payment, and claims forms must provide insureds with an option to pay benefits directly to the provider.

The bill includes ambulance services providers in the class of providers for whom health insurers are allowed to provide direct payment. Furthermore, the bill includes ambulance services providers in the class of providers to whom direct payment must be made if the insured specifically authorizes it and there is no prohibition in the contract.

Statutorily-licensed ambulance services providers who provide transportation or treatment are added to the special class of providers to whom direct payment cannot be prohibited and for whom claims forms must provide an option for direct payment.

This bill does not appear to have a fiscal impact on state or local governments.

This bill becomes effective on July 1, 2007.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Safeguard individual liberty**--- The bill increases the direct payment options available to a health insurance policyholder by allowing the policyholder to authorize direct payment for services to ambulance service providers.

#### B. EFFECT OF PROPOSED CHANGES:

### BACKGROUND

#### Direct Payment of Benefits

Currently, the law permits any health insurance policy to provide for direct payment to any recognized hospital, doctor, or other person who provided the medical services.<sup>1</sup>

Additionally, unless the contract provides otherwise, when an insured specifically authorizes payment of benefits directly to any recognized hospital, physician, or dentist, the insurer must pay the designated provider.<sup>2</sup>

Moreover, the insurance contract may not prohibit, and claims forms must provide an option for the payment of benefits directly to a licensed hospital, physician, or dentist for care provided pursuant to section 395.1041, Florida Statutes.<sup>3</sup> This section outlines access to emergency services and care.

Insurers are allowed to require insureds to attest in writing to an assignment of benefits.<sup>4</sup> When the insurer pays the provider directly, the insurer may not pay the provider any more than the insurer would have paid if the insured had not made the assignment.<sup>5</sup>

### PROPOSED CHANGES

The bill amends sections 627.738(1) and (2), Florida Statutes. The primary effect of the changes is to provide for direct payment to ambulance services providers. The bill adds any recognized ambulance services provider to the list of providers in section 627.638(1), Florida Statutes, for whom a policy may provide for direct payment. Additionally, the bill provides that the term “ambulance services provider” should be added to the insurance policy as appropriate.

Furthermore, the bill amends section 627.638(2), Florida Statutes, to provide that unless the insurance contract prohibits it, an insurer must pay any recognized ambulance services provider when the insured specifically authorizes such payment.

Additionally, the bill requires direct payment in a certain class of ambulance service cases. Where an ambulance services provider licensed pursuant to chapter 401 (Medical Telecommunications and Transportation) has provided transportation or treatment, the insurance contract may not prohibit direct payment, and claims forms must provide an option for direct payment to such a provider.

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<sup>1</sup> Section 627.638(1), F.S.

<sup>2</sup> Section 627.638(2), F.S.

<sup>3</sup> Id.

<sup>4</sup> Id.

<sup>5</sup> Id.

C. SECTION DIRECTORY:

**Section 1:** Amends section 627.738, Florida Statutes; provides for direct payment of benefits to ambulance service providers.

**Section 2:** States effective date of July 1, 2007.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take any action requiring the expenditure of funds; reduce the authority that municipalities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### D. STATEMENT OF THE SPONSOR

Although the staff analysis indicates that there will not be a direct fiscal impact on local government, this bill would increase third party payment collections that are due to local EMS providers, thereby potentially reducing the level of subsidization required by local governments.

#### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 22, 2007, the Committee on Insurance adopted one amendment:

**Amendment 1** changes the term “ambulance services provider” to “licensed basic life support or advanced life support provider,” in order to use terminology that is consistent with statutory language. The amendment also adds the words “or from” immediately after the words “or to.” This language refers to transit to or from a specified provider.

The staff analysis was updated to reflect adoption of the amendments.