

Introduced by

Senator Casper

Representatives Lefor, Streyle

1 A BILL for an Act to amend and reenact section 26.1-36-41 of the North Dakota Century Code,
2 relating to the authority of the insurance commissioner to investigate health insurers.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 26.1-36-41 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **26.1-36-41. Contract limitations.**

7 1. An insurance company as defined by section 26.1-02-01 issuing a health and accident
8 policy, a health maintenance organization, or any other entity providing a plan of
9 health insurance subject to state insurance regulation may not terminate a
10 practitioner's participating contract, designate a practitioner as nonpayable, or
11 otherwise impose sanctions on any practitioner solely for an excessive or
12 inappropriate practice pattern unless the requirements of this section are met. If a
13 practitioner engages in an excessive or inappropriate practice pattern for the
14 practitioner's specialty, the entity shall inform the practitioner, in writing, as to the
15 manner in which the practitioner's practice is excessive or inappropriate. The entity
16 shall consult with the practitioner and provide a reasonable time period of not less than
17 six months within which to modify the practitioner's practice pattern. If the excessive or
18 inappropriate practice pattern continues, the entity may impose reasonable sanctions
19 on the practitioner, terminate the practitioner's participating contract, or designate the
20 practitioner as nonpayable. If considered for sanction, termination, or nonpayable
21 status, the affected practitioner must first be given the opportunity to be present and to
22 be heard by a committee appointed by the entity which must include at least one
23 representative of the practitioner's specialty. The entity may not impose sanctions on a
24 practitioner, terminate a practitioner, or designate a practitioner as nonpayable in the

1 absence of the committee's recommendation to do so. All reports, practice profiles,
2 data, and proceedings of the entity relative to a practitioner who is sanctioned,
3 terminated, or considered for designation as nonpayable are confidential and may not
4 be disclosed or be subject to subpoena or other legal process. Nonpayable status
5 under this section may not commence until after appropriate notification to the entity's
6 subscribers and the affected practitioner. As used in this section, "practitioner"
7 includes an optometrist, a physician, a chiropractor, or an advanced registered nurse
8 practitioner duly licensed to practice in this state.

9 2. If the entity uses a practice profile as a factor to evaluate a practitioner's practice
10 pattern, the entity shall provide upon request of the practitioner at any time a
11 description of the criteria, data sources, and methodologies used to compile the
12 practice profile concerning the practitioner and the manner in which the practice profile
13 is used to evaluate the practitioner. An entity may not sanction a practitioner, terminate
14 a practitioner's participating contract, or designate a practitioner as nonpayable on the
15 basis of a practice profile without informing the practitioner of the specific data
16 underlying those findings. For purposes of this section, a "practice profile" means a
17 profile, summary, economic analysis, or other analysis of data concerning the cost,
18 quality, or quantity of services rendered by an individual practitioner, group of
19 practitioners, or preferred provider. In addition, an entity in developing practice profiles
20 or otherwise measuring practitioner performance shall:

- 21 a. Make severity adjustments, including allowances for the severity of illness or
22 condition of the patient mix and allowances for patients with multiple illnesses or
23 conditions;
- 24 b. Periodically evaluate, with input from specialty-specific practitioners as
25 appropriate, the quality and accuracy of practice profiles, data sources, and
26 methodologies;
- 27 c. Develop and implement safeguards to protect against the unauthorized use or
28 disclosure of practice profiles; and
- 29 d. Provide the opportunity for any practitioner at any time to examine the accuracy,
30 completeness, or validity of any practice profile concerning the practitioner and to
31 prepare a written response to the profile. The entity shall negotiate in good faith

- 1 with the practitioner to correct any inaccuracies or to make the profile complete. If
2 the inaccuracies or deficiencies are not corrected to the satisfaction of the
3 practitioner, the entity shall submit the written response prepared by the
4 practitioner along with the profile at the time the profile is used pursuant to
5 subsection 1 or provided to any third party consistent with section 26.1-36-12.4.
- 6 3. This section does not limit the authority of the commissioner to obtain from an insurer
7 information relating to an investigation of suspected or actual fraudulent insurance
8 acts.