

1 SB291  
2 174439-1  
3 By Senator Ross  
4 RFD: Health and Human Services  
5 First Read: 24-FEB-16

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8 SYNOPSIS: This bill would require contracts issued,  
9 amended, or renewed on and after January 1, 2017,  
10 between a health insurer or its contracted vendor  
11 or a regional care organization and a covered  
12 health care provider to include specific language  
13 stating that a provider's request that a health  
14 care plan conduct a payment transaction with the  
15 provider using a transfer of electronic funds  
16 through the Automated Clearing House (ACH) network  
17 must be honored.

18 This bill would also allow covered health  
19 care providers to be paid through the use of  
20 alternative electronic funds transfer methods.

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22 A BILL  
23 TO BE ENTITLED  
24 AN ACT

25  
26 Relating to health care contracts; to add Section  
27 27-1-17.1 to the Code of Alabama 1975; to require contracts

1 issued, amended, or renewed on and after January 1, 2017,  
2 between a health insurer or its contracted vendor or a  
3 regional care organization and a covered health care provider  
4 to include specific language stating that a provider's request  
5 that a health care plan conduct a payment transaction with the  
6 provider using a transfer of electronic funds through the  
7 Automated Clearing House network must be honored; and to allow  
8 covered health care providers to be paid through the use of  
9 alternative electronic funds transfer methods.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 27-1-17.1 is added to the Code of  
12 Alabama 1975, to read as follows:

13 §27-1-17.1.

14 (a) As used in this section, the following words  
15 shall have the following meanings:

16 (1) ACH ELECTRONIC FUNDS TRANSFER. An electronic  
17 funds transfer through the Health Insurance Portability and  
18 Accountability Act (HIPPA) standard Automated Clearing House  
19 network.

20 (2) COVERED HEALTH CARE PROVIDER. A physician as  
21 defined in Section 34-24-50.1; a dentist as defined in Section  
22 34-9-1; a chiropractor as defined in Section 34-24-120; an  
23 individual engaged in the practice of optometry as defined in  
24 Section 34-22-1; other licensed health care professionals as  
25 defined in Title 34; a hospital as defined in Section  
26 22-21-20; and a health care facility, or other provider who or  
27 that is accredited, licensed, or certified and who or that is

1 performing within the scope of that accreditation, license, or  
2 certification.

3 (3) HEALTH INSURANCE PLAN. Any hospital and medical  
4 expense incurred policy, health maintenance organization  
5 subscriber contract, or any other health care plan, policy,  
6 coverage, or arrangement that pays for or furnishes medical or  
7 health care services, whether by insurance or otherwise,  
8 offered in this state. The term does not include a regional  
9 care organization.

10 (4) HEALTH INSURER. An entity or person that offers  
11 or administers a health insurance plan in this state, or  
12 contracts with covered health care providers to furnish  
13 specified health care services to enrollees covered under a  
14 health insurance plan.

15 (5) REGIONAL CARE ORGANIZATION. An organization as  
16 defined in Section 22-6-150.

17 (b) Contracts issued, amended, or renewed on or  
18 after January 1, 2017, between a health insurer or its  
19 contracted vendor or a regional care organization and a  
20 covered health care provider shall include the following  
21 language, set off from other language in bold, 12-point type  
22 and in all capital letters: "If a covered health care provider  
23 requests payment under a health insurance plan from a health  
24 insurer or its contracted vendor or a regional care  
25 organization be made using ACH electronic funds transfer, that  
26 request must be honored. Furthermore, such a request may not

1 be used to delay or reject a transaction, or attempt to  
2 adversely affect the covered health care provider."

3 (c) Nothing in this section prohibits or adopts any  
4 standards for other methods of electronic funds transfers  
5 outside of the Automated Clearing House network. Alternative  
6 electronic funds transfer methods, including wire transfer and  
7 payment by card or otherwise through a private card network,  
8 are expressly permitted to pay a covered health care provider.

9 Section 2. If any provision of this act is held by a  
10 court to be invalid, such invalidity shall not affect the  
11 remaining provisions of this act, and to this end the  
12 provisions of this act are declared severable.

13 Section 3. This act shall become effective  
14 immediately following its passage and approval by the  
15 Governor, or its otherwise becoming law.