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HOUSE BILL 113

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

John A. Heaton

AN ACT

**RELATING TO HEALTH; PROHIBITING A PROVISION IN A CONTRACT
BETWEEN A HEALTH CARE PROVIDER AND A HEALTH PLAN THAT DOES NOT
PERMIT THE PROVIDER TO PASS ON THE BURDEN OF THE GROSS RECEIPTS
TAX IMPOSED UPON THE PROVIDER.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. PROHIBITED PROVISION IN A CONTRACT BETWEEN A
HEALTH CARE PROVIDER AND A HEALTH PLAN. --**

**A. A provision in a contract establishing
compensation to be paid a health care provider by a health plan
that prohibits the provider from passing the burden of gross
receipts tax imposed on the provider to the health plan is
prohibited and unenforceable.**

B. As used in this section:

(1) "health care insurer" means a person that

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1 has a valid certificate of authority in good standing under the
2 New Mexico Insurance Code to act as an insurer, health
3 maintenance organization, nonprofit health care plan or prepaid
4 dental plan;

5 (2) "health care provider" means a person that
6 is licensed or otherwise authorized by the state to furnish
7 health care services;

8 (3) "health care services" includes, to the
9 extent offered by a health plan, physical health, mental
10 health, including community-based mental health and
11 developmental disability, and dental services;

12 (4) "health plan" means a health care insurer
13 or a managed health care plan; and

14 (5) "managed health care plan" means a health
15 care insurer or a provider service network when offering a
16 benefit that either requires a covered person to use, or
17 creates incentives, including financial incentives, for a
18 covered person to use health care providers managed, owned,
19 under contract with or employed by the health care insurer or
20 provider service network; but "managed health care plan" does
21 not include a health care insurer or provider service network
22 offering a traditional fee-for-service indemnity benefit or a
23 benefit that covers only short-term travel, accident-only,
24 limited benefit, student health plan or specified disease
25 policies.

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Section 2. EFFECTIVE DATE. --The effective date of the provisions of this act is July 1, 2003.

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