

Chapter 750

1985 REPLACEMENT PART

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HEALTH CARE SERVICE CONTRACTORS

750.003 Purpose. The purpose of this section and ORS 750.005, 750.025 and 750.045 is to encourage and guarantee the development of health care service contractors by licensing and regulating their operation to insure that they provide high quality health care services through state licensed organizations meeting reasonable standards as to administration, services and financial soundness. [1985 c.747 §64]

750.005 Definitions. (1) "Doctor" means any person lawfully licensed or authorized by statute to render any health care services.

(2) "Health care service contractor" means:

(a) Any corporation that is sponsored by or otherwise intimately connected with a group of doctors licensed by this state, or by a group of hospitals licensed by this state, or both, under contracts with groups of doctors or hospitals which include conditions holding the subscriber harmless in the event of nonpayment by the health care service contract, and which accepts prepayment for health care services;

(b) Any person referred to in ORS 750.035; or

(c) Any for-profit or not for-profit corporation that accepts prepayment for ambulance and emergency medical service, or ambulance service only, but not for other health care services.

(3) "Health maintenance organization" means any health care service contractor operated on a for-profit or not for-profit basis which:

(a) Qualifies under Title XIII of the Public Health Service Act; or

(b)(A) Provides or otherwise makes available to enrolled participants health care services, including at least the following basic health care services:

- (i) Usual physician services;
- (ii) Hospitalization;
- (iii) Laboratory;
- (iv) X-ray;
- (v) Emergency and preventive services; and
- (vi) Out-of-area coverage;

(B) Is compensated, except for copayments, for the provision of basic health care services listed in subparagraph (A) of this paragraph to enrolled participants on a predetermined periodic rate basis;

(C) Provides physicians' services primarily directly through physicians who are either

employees or partners of such organization, or through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice basis; and

(D) Employs the terms "health maintenance organization" or "HMO" in its name, contracts, literature or advertising media on or before July 13, 1985.

(4) "Health care services" means the furnishing of medicine, medical or surgical treatment, nursing, hospital service, ambulance service, dental service, optometrical service or any or all of the enumerated services or any other necessary services of like character, whether or not contingent upon sickness or personal injury, as well as the furnishing to any person of any and all other services and goods for the purpose of preventing, alleviating, curing, or healing human illness, physical disability or injury.

(5) "Claims" means any amount incurred by the insurer covering contracted benefits. [Formerly 742.010; 1973 c.515 §5; 1979 c.799 §1; 1985 c.747 §65]

750.010 [Amended by 1957 c 301 §1; 1961 c.116 §1; 1967 c.359 §548; renumbered 744.305]

750.015 Management to include representatives of public. (1) Except as provided in subsection (2) of this section, not less than one-third of the group of persons vested with the management of the affairs of a health care service contractor, as defined in ORS 750.005 (2)(a), shall be representatives of the public who are not practicing doctors or employees or trustees of a participant hospital.

(2)(a) Notwithstanding subsection (1) of this section, the group of persons vested with the management of the affairs of a nonprofit private organization described in this subsection shall have at least two representatives of the public who are not practicing doctors, as defined in ORS 750.005, or employees or trustees of a participant hospital.

(b) This subsection applies to a nonprofit private organization that is a health maintenance organization, as defined in ORS 442.015, that is controlled by a single nonprofit hospital or by a group of nonprofit hospitals under common ownership and that operates in a county with a population of 200,000 or more. [Formerly 742 015, 1983 c.804 §1]

750.020 [Amended by 1961 c.116 §2; 1967 c.359 §549; renumbered 744 315]

750.025 Restricting distribution of income and representation as health maintenance organization. (1) A health care service contractor which is a not for-profit

corporation, shall not distribute, upon liquidation or otherwise, any part of its income to its members, directors, trustees or officers except for the reasonable value of services rendered such contractor.

(2) An organization that does not meet the definition of health maintenance organization in ORS 750.005 shall not hold itself out to the public to be a health maintenance organization. [Formerly 742.025; 1985 c.747 §66]

750.030 [Repealed by 1967 c.359 §704]

750.035 Regulation of hospital care associations under prior law; exceptions.

(1) Notwithstanding any other provision of law, except as provided in subsection (2) of this section, any persons doing a hospital association business, as defined in ORS 742.010 (1959 Replacement Part) in compliance with ORS chapter 742 (1959 Replacement Part) on August 12, 1965, may continue such business in compliance with ORS chapter 742 (1959 Replacement Part).

(2) Every person doing a hospital association business, as defined in ORS 742.010 (1959 Replacement Part), on August 12, 1965, shall comply with the provisions of ORS 750.045 and the provisions of ORS 750.055. [Formerly 742.035]

750.040 [Amended by 1967 c.359 §552, renumbered 744.345]

750.045 Required capitalization; deposit of security; exemptions. (1) A health care service contractor which is a for-profit or not for-profit corporation shall possess and thereafter maintain capital or surplus, or any combination thereof, of not less than \$250,000 or an amount equal to 50 percent of the average claims as defined in ORS 750.005 (5) for the preceding 12-month period, whichever is greater, but in no case shall the required amount be more than \$500,000.

(2) A health care service contractor which is a for-profit or not for-profit corporation shall file a surety bond or such other bond or securities in the sum of \$250,000 as are authorized by the Insurance Code as a guarantee of the due execution of the policies to be entered into by such contractor in accordance with ORS 750.005 to 750.065. This subsection does not apply to a health care service contractor that has at least 75 percent of its assets invested in health care service facilities pursuant to ORS 733.700.

(3) Subsections (1) and (2) of this section do not apply to ambulance service, emergency medical service, dental service or optometrical service operated on a for-profit or not for-profit basis if:

(a) The services referred to in this subsection maintain capital or surplus, or any combination

thereof, of not less than \$50,000 or an amount equal to 50 percent of the average claims as defined in ORS 750.005 (5) for the preceding 12-month period whichever is greater, but in no case shall the required amount be more than \$500,000.

(b) The services referred to in this subsection file a surety bond or other such bond or securities in the sum of \$50,000 as are authorized by the Insurance Code as a guarantee of the due execution of the policies to be entered into by such contractor in accordance with ORS 750.005 to 750.065. [Formerly 742.050; 1975 c.273 §1; 1977 c.402 §1, 1985 c.747 §67]

Note: Section 69, chapter 747, Oregon Laws 1985, provides:

Sec. 69. The provisions of ORS 750.045 and 750.055 as amended by sections 67 and 68 of this Act apply only to those health maintenance organizations which are initially licensed under the provisions of the Insurance Code after the effective date of this Act [July 13, 1985].

750.050 [Amended by 1961 c.116 §3; 1967 c.359 §553; renumbered 744.355]

750.055 Other provisions applicable to health care service contractors. (1) The following provisions of the Insurance Code shall apply to health care service contractors to the extent so applicable and not inconsistent with the express provisions of this chapter:

(a) ORS 731.004 to 731.150, 731.162, 731.204 to 731.362, 731.382, 731.386, 731.390, 731.398 to 731.430, 731.450, 731.454, 731.504, 731.508, 731.512, 731.574 to 731.620, 731.640 to 731.652, 731.804 and 731.844 to 731.992.

(b) ORS 732.230, 732.245, 732.250, 732.320, 732.325 and 732.505 to 732.595.

(c)(A) ORS 733.010 to 733.050, 733.080, 733.140 to 733.170, 733.210, 733.510 to 733.680 and 733.700 to 733.780, apply to not for-profit health care service contractors.

(B) ORS chapter 733 applies to for-profit health care service contractors.

(d) ORS chapter 734.

(e) ORS 743.003 to 743.011, 743.012, 743.018 to 743.030, 743.037 to 743.108, 743.114, 743.116, 743.119 to 743.128, 743.350 to 743.370, 743.402, 743.412, 743.492, 743.495, 743.498, 743.527, 743.529, 743.549 to 743.555, 743.800 to 743.833 and 743.850 to 743.890.

(f) ORS 743.522 and 743.528, except that individual policies may be issued to the persons or families insured in lieu of issuance of a single group policy as referred to in ORS 743.522. An individual policy issued under this paragraph shall be considered the statement of the essential

features of the insurance coverage required under ORS 743.528 (2).

(g) ORS 744.005 to 744.265.

(h) ORS 746.005 to 746.140, 746.160, 746.180, 746.220 to 746.370 and 746.600 to 746.690.

(i) ORS 743.135, except in the case of group practice health maintenance organizations that are federally qualified pursuant to Title XIII of the Public Health Service Act unless the patient is referred by a physician associated with a group practice health maintenance organization.

(j) ORS 743.557 and 743.558, except that group practice or staff health maintenance organizations which are federally qualified pursuant to Title XIII of the Public Health Service Act shall be deemed to comply with the requirements of ORS 743.557 and 743.558.

(2) For the purposes of this section only, health care service contractors shall be deemed insurers.

(3) Any for-profit health care service contractor organized under the laws of any other state which is not governed by the insurance laws of such state, will be subject to all requirements of ORS chapter 732.

(4) The commissioner may, after notice and hearing, adopt reasonable rules not inconsistent with this section and ORS 750.003, 750.005, 750.025 and 752.045 that are deemed necessary for the proper administration of these provisions. [1967 c.359 §659; 1969 c.336 §18; 1971 c.231 §41; 1973 c.143 §5, 1973 c.515 §6; 1973 c.613 §4a; 1975 c.135 §3, 1975 c.338 §4a; 1975 c.689 §4; 1975 c.784 §13c, 1977 c.402 §6; 1979 c.268 §7; 1979 c.708 §11; 1979 c.785 §22a, 1979 c.797 §3a; 1981 c.254 §3, 1981 c.319 §3; 1981 c.422 §6; 1981 c.649 §22, 1981 c.752 §14; 1983 c.601 §9; 1985 c.747 §68; 1985 c.827 §3]

Note: Section 68a, chapter 747, Oregon Laws 1985, provides:

Sec. 68a. The amendments to ORS 750.055 by section 68 of this Act are not intended to affect the provisions of section 10, chapter 601, Oregon Laws 1983.

Note: Section 4, chapter 827, Oregon Laws 1985, provides:

Sec. 4. Nothing in the amendments to ORS 750.055 by section 3 of this Act is intended to affect the provisions of section 10, chapter 601, Oregon Laws 1983.

Note: See also note under 743.558.

750.059 Application of reimbursement requirement to group practice maintenance organizations for services by state hospital or state-approved program. ORS 743.116 does not apply to group practice maintenance organizations that are federally qualified

pursuant to Title XIII of the Public Health Service Act (42 U.S.C. 300e et seq.). [1981 c.422 §2; 1981 c.891 §3]

750.060 [Amended by 1967 c.359 §555; renumbered 744.375]

750.065 Reimbursement for services performed by optometrists. (1) Notwithstanding any provision of contract or agreement entered into by a corporation, association, society, firm, partnership or individual doing business as a hospital association or as a health care service contractor, whenever such contract or agreement provides for reimbursement for any service which is within the lawful scope of practice of a duly licensed optometrist, the insured under such contract or agreement shall be entitled to reimbursement for such service, whether the said service is performed by a physician or duly licensed optometrist. Unless such contract or agreement shall otherwise provide, there shall be no reimbursement for ophthalmic materials, lenses, spectacles, eyeglasses or appurtenances thereto.

(2) Nothing in subsection (1) of this section shall apply to any contract or agreement limited to the furnishing of services to be performed exclusively by members of the association, society, group or partnership issuing such contract or agreement. [1971 c.97 §2]

750.070 [Repealed by 1967 c.359 §704]

750.075 Excess benefits contracts authorized for ambulance and emergency services contractors; notice to commissioner. Contracts issued by a health care service contractor described in ORS 750.005 (2)(c) may provide that the benefits on behalf of the insured will be excess over benefits provided for the same service from other types of sources, if disclosure of this provision is adequately made, in the opinion of the commissioner, to the insured. All forms relating to such disclosure shall be filed with the commissioner and shall be subject to the procedures set forth in ORS 743.006 and 743.012. [1979 c.799 §3]

750.080 [Amended by 1967 c.359 §557; renumbered 744.396]

750.090 [Amended by 1967 c.359 §558; renumbered 744.405]

750.100 [Amended by 1967 c.359 §556; renumbered 744.385]

750.110 [Repealed by 1967 c.359 §704]

750.210 [Repealed by 1967 c.359 §704]

750.220 [Repealed by 1967 c.359 §704]

750.230 [Repealed by 1967 c.359 §704]

750.240 [Repealed by 1967 c.359 §704]

750.250 [Repealed by 1967 c 359 §704]

750.260 [Repealed by 1967 c.359 §704]

750.270 [Repealed by 1967 c 359 §704]

LEGAL SERVICE CONTRACTORS

750.300 "Attorney," "legal service contractor" and "legal service" defined. As used in ORS 750.300 to 750.340:

(1) "Attorney" means any person authorized to practice law in this state.

(2) "Legal service contractor" means any corporation organized not for profit that is sponsored by or otherwise intimately connected with a group of attorneys and which accepts prepayment for legal service.

(3) "Legal service" means any service furnished by an attorney that is within the scope of the practice of law. [1973 c.97 §3]

750.310 Restriction on distribution of income. No legal service contractor shall distribute, upon liquidation or otherwise, any part of its income to its members, directors, trustees or officers except for the reasonable value of services rendered such contractor. [1973 c 97 §4]

750.320 Required capitalization; security deposit. (1) A legal service contractor shall possess and thereafter maintain capital or surplus, or any combination thereof, of not less than \$25,000.

(2) In addition to its required capitalization the legal service contractor shall file a surety bond or such other bond or securities in the sum of \$50,000 as are authorized by the Insurance Code as a guarantee of the due execution of the policies to be entered into by such contractor in accordance with ORS 750.300 to 750.340. [1973 c 97 §5]

750.330 Legal service contractor required to file schedules of legal service rates with commissioner. A legal service contractor shall file with the commissioner all schedules and tables of premium rates for legal service to be used on risks in this state, and shall file any amendments to or corrections of such schedules and tables. [1973 c.97 §7]

750.340 Applicability of other Insurance Code provisions. (1) The following provisions of the Insurance Code shall apply to legal service contractors to the extent so applicable and not inconsistent with the express provisions of ORS 750.300 to 750.340:

(a) ORS 731.004 to 731.026, 731.032 to 731.150, 731.158, 731.204 to 731.362, 731.382, 731.386, 731.398 to 731.430, 731.450, 731.454, 731.504, 731.508, 731.512, 731.574 to 731.620, 731.640 to 731.652, 731.804 and 731.844 to 731.992.

(b) ORS 732.230, 732.245, 732.250, 732.320, 732.325 and 732.505 to 732.595.

(c) ORS 733.010 to 733.060, 733.140 to 733.170, 733.210, 733.510 to 733.680 and 733.710 to 733.780.

(d) ORS 734.010 to 734.440.

(e) ORS 743.003 to 743.012, 743.021, 743.042 to 743.051, 743.054 to 743.096 and 743.114.

(f) ORS 744.005 to 744.265.

(g) ORS 746.005 to 746.045, 746.065, 746.075, 746.100 to 746.130, 746.160 and 746.230 to 746.370.

(2) For the purposes of this section only, legal service contractors shall be considered insurers. [1973 c.97 §6, 1975 c.769 §9]