

# Chapter 750

## 1987 REPLACEMENT PART

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## INSURANCE

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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]

**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, 731 216 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, 743 118, 743 119 to 743 128, 743 138 (1), 743 350 to 743 370, 743 402, 743 412, 743 492, 743 495, 743 498, 743 527, 743.529, 743 549 to 743 555, 743 556, 743 770, 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 (1985 Replacement Parts) 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

(k) ORS 735 600 to 735 650

(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 director 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, 1987 c 411 §3, 1987 c 720 §3, 1987 c 739 §5, 1987 c 774 §62, 1987 c 838 §16]

**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 director.**

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 director, to the insured. All forms relating to such disclosure shall be filed with the director 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 director.** A legal service contractor shall file with the director 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, 731 216 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]