

# FAIR CONTRACTING

Common sense tells us that when an unfair imbalance exists between two people engaged in a transaction, things just don't work out. The same can be said for health insurance plans that are continually changing contract terms with providers. Kentucky health plans must be fair and transparent in their contracting with physicians. Proper disclosures and notifications are imperative when dealing with any significant contract changes to ensure the best interest of physicians and their patients. **Senate Bill 18** addresses concerns with fair contracting.

## THE ISSUE

**Kentucky law requires insurers to provide transparent notification to physicians when any material changes are made to their contracts.**

- Kentucky law requires insurers who amend an agreement with a participating provider to give at least 90 days' notice of any material change.

## THE PROBLEM

**Unfortunately, insurance companies contracting with Kentucky physicians often use the least efficient methods of notifying physicians about new products or significant changes to their contracts.**

- Insurance companies often attempt to modify existing provider contracts by sending time-sensitive letters to physicians through standard U.S. mail.
- The new terms outlined in these letters often reflect material amendments to the base contract to which the physician originally agreed, often causing disruption to the physician-patient relationship.

## THE SOLUTION

**Legislation is needed to better govern the procedures for altering agreements with providers.**

- Physicians should receive notification that clearly outlines the substance of the proposed changes and that such changes cannot be imposed without the specific acceptance by the physician.
- This legislation should also require a certified letter detailing proposed changes; require a provider to either agree or not agree in writing to the proposed changes; and require that a new agreement be established and agreed upon after three (3) or more changes are made to an existing agreement.

*Fair and transparent insurer contracting with physicians (Senate Bill 18) is critical in Kentucky because it helps ensure continuity of care for patients. It also helps ensure Kentucky retains and attracts the very best health care providers.*