

Kentucky Health Plans Must Provide Fair Contracting Practices

General Message

Kentucky health plans must be fair and transparent in their contracting with physicians. Proper disclosures and notifications is imperative when dealing with any significant contract changes to ensure the best interest of physicians and their patients.

Message #1 (The ISSUE) – Kentucky law requires insurers to provide fully transparent notification to physicians when any material changes are made to their contracts.

Supporting Points:

- KRS 304.17A-578(2) requires insurers who amend an agreement with a participating provider to give at least 90 days' notice of any material change.

Message #2 (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.

Supporting Points:

- Insurance companies have on multiple occasions attempted to modify existing provider contracts by sending time-sensitive letters to physicians through standard U.S. Mail.
- The new terms of participation 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.

Message #3 (The SOLUTION) – Legislation is needed to better govern the procedures for insurance companies altering agreements with providers.

Supporting Points:

- Further changes are needed so that the physician receives notification that clearly alerts the provider to the substance of the proposed changes, and that such changes cannot be imposed without the specific acceptance of the physician.
- Such Legislation should...
 - Require a certified letter detailing proposed changes;
 - Require a provider to either agree or not agree in writing to the proposed changes;
 - Require a face-to-face meeting to discuss proposed changes, if the provider so desires; 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 is critical in Kentucky because it helps ensure continuity of care for patients. It also helps ensure Kentucky retain and attract the very best health care providers.