

ALABAMA STATE COMMITTEE OF PUBLIC HEALTH  
BUREAU OF HEALTH PROVIDER STANDARDS  
DIVISION OF MANAGED CARE COMPLIANCE  
ADMINISTRATIVE CODE

CHAPTER 420-5-6  
HEALTH MAINTENANCE ORGANIZATIONS

420-5-6-.10 Provider Contracts.

(1) "Provider contract" means a written agreement executed between a health maintenance organization and a health care provider in which the health care provider agrees to furnish specified services to enrollees of the health maintenance organization. The health maintenance organization retains the responsibility for the arrangement of the provision of those services.

(2) Health maintenance organizations shall include the following in provider contracts in addition to any requirements of the Alabama Department of Insurance. The Health Department may waive one or more of the following as appropriate for type of provider. If a contracted provider utilizes downstream contracts that the health maintenance organization must rely upon, the contracted provider must guarantee that downstream contracts contain the requirements listed below. A copy of the downstream provider contract(s) with a Department of Public Health approval stamp shall constitute such guarantee.

(a) Full identification of the parties of the contract including name, address, and phone number of the provider;

(b) Effective date of the contract and date of execution;

(c) Term, termination, and renewal mechanisms;

(d) Obligation of the health maintenance organization to the provider;

1. Payment/reimbursement methodologies must be described in terms a reasonably prudent layperson could be expected to understand.

2. If utilized, withhold or other incentives or reimbursement arrangement incentives must be clearly defined. The factors that will be measured and the amount of time required by the health maintenance organization to analyze the data and report the outcome to the provider will be clearly described in the contract. Providers will receive a report consistent with the terms of the contract and showing the resulting funds or lack

of funds, due to be paid within six (6) months of the conclusion of the withhold period. Full payment of any funds due to the provider will be made at the time of the report.

3. Reimbursements or deductions based on circumstances outside the provider's control, such as plan performance, must be defined as an additional "discount" or a "bonus" and may not be defined as a withhold.

4. Organizations applying for health maintenance organization certification must file contracts and attachments that fully and clearly describe payment methodologies, reimbursement, and incentives in terms a reasonably prudent layperson could be expected to understand.

(e) Services to be provided by the provider including location of services, site phone number, times of availability of services, and provisions for coverage in provider's absence;

(f) Minimum standards of care as established by the health maintenance organization and required of the provider;

(g) Provisions for emergency services;

(h) Provisions for referral services;

(i) A description of the utilization review program and provisions for provider participation in utilization review;

(j) Provisions requiring provider to participate in enrollee grievance procedure;

(k) Provisions requiring sharing of medical records and confidentiality of medical records;

(l) Provisions relating to credentials of provider;

(m) Education requirements relating to the knowledge of operation of the health maintenance organization's provider's role in the health maintenance organization;

(n) Provisions for adequate medical malpractice coverage;

(o) Provisions for dispute mechanism;

(p) A description of quality improvement procedures and provisions for provider participation in quality improvement; and

(q) A provider shall not deny an enrollee's access to quality care by billing the enrollee directly. Therefore, the contract

shall contain a clause that the provider will look solely to the health maintenance organization for compensation for services provided to health maintenance organization enrollees. The clause shall not extend to copayments. The clause shall read;

1. (Provider) hereby agrees that in no event, including but not limited to, non-payment, health maintenance organization insolvency, or breach of this agreement, shall (provider) bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against enrollee, or persons other than the health maintenance organization acting on behalf of the enrollee for services provided pursuant to this agreement. This provision shall not prohibit collection of copayments, deductibles, and coinsurances on the health maintenance organization's behalf made in accordance with the terms of the (applicable agreement) between the health maintenance organization and enrollee.

(Provider) further agrees that (a) this provision shall survive the termination of this agreement regardless of the cause giving rise to termination and shall be construed to be for the benefit of the health maintenance organization subscriber, and that (b) this provision supersedes any oral or written contrary agreement now existing or hereafter entered into between (Provider) and enrollee, or persons on their behalf.

Provider may not change, amend, or waive any provision of this contract without prior written consent of the health maintenance organization. Any attempts to change, amend, or waive this contract are void.

(r) Provisions requiring that the provider cooperate with the health maintenance organization in complying with applicable laws relating to health maintenance organizations and provider complies with applicable laws regulating provider.

(3) Network providers whose contract with the health maintenance organization state the network has an attorney in fact relationship to bind its providers, do not require review of downstream contracts.

(4) All provider contract documents must be clear and understandable.

**Author:** Department of Public Health

**Statutory Authority:** Code of Ala. 1975, §§22-2-2(6), et seq., 22-21-20, et seq., 27-21A-1, et seq.

Rule 420-5-6-.10

Health

**History:** Filed September 1, 1982. **Repealed and New Rule adopted in lieu thereof:** Filed March 31, 1987. **Amended:** Filed January 20, 1999; effective February 24, 1999.