AN ACT

RELATING TO HEALTH; PROHIBITING PROVISION IN CONTRACT BETWEEN
A HEALTH CARE PROVIDER AND A HEALTH PLAN THAT DOES NOT PERMIT
THE PROVIDER TO PASS ON THE BURDEN OF THE GROSS RECEIPTS TAX
IMPOSED UPON THE PROVIDER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. PROHIBITED PROVISION IN CONTRACTS BETWEEN A
HEALTH CARE PROVIDER AND A HEALTH PLAN.--

A.   A provision in a contract establishing
compensation to be paid a health care provider by a health
plan that prohibits the provider from passing the burden of
gross receipts tax imposed on the provider to the health plan
is prohibited and unenforceable.

B.   As used in this section:

(1)   "health plan" means a health care
insurer or a managed health care plan;

(2)   "health care insurer" means a person
that has a valid certificate of authority in good standing
under the New Mexico Insurance Code to act as an insurer,
health maintenance organization, nonprofit health care plan
or prepaid dental plan;

(3)   "health care provider" means a person
that is licensed or otherwise authorized by the state to
furnish health care services;

(4)   "health care services" includes, to the extent offered by a health plan, physical health, mental health, including community-based mental health, developmental disability and dental services; and

(5)   "managed health care plan" means a health care insurer or a provider service network when offering a benefit that either requires a covered person to use, or creates incentives, including financial incentives, for a covered person to use health care providers managed, owned, under contract with or employed by the health care insurer or provider service network, but "managed health care plan" does not include a health care insurer or provider service network offering a traditional fee-for-service indemnity benefit or a benefit that covers only short-term travel, accident-only, limited benefit, student health plan or specified disease policies.

Section 2.   EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2001.