

A-Engrossed
Senate Bill 585

Ordered by the Senate March 29
Including Senate Amendments dated March 29

Sponsored by COMMITTEE ON COMMERCE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Prohibits insurers offering motor vehicle liability policies from entering into or renewing any contract that provides, or has effect of providing, managed care services to beneficiaries. Permits insurers to contract for evaluation services. Modifies provisions regarding hospital and medical services liens on amounts payable under insurance policies.

A BILL FOR AN ACT

1
2 Relating to medical care provided to insurance beneficiaries; creating new provisions; and amending
3 ORS 87.560 and 742.520.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2005 Act is added to and made a part of ORS 742.520 to**
6 **742.542.**

7 **SECTION 2. As used in ORS 742.520 to 742.542:**

8 (1) "Evaluation services" means physical examinations or reviews of medical records of
9 beneficiaries conducted at the request of an insurer to determine whether the provision or
10 continuation of medical services is necessary or reasonable.

11 (2) "Managed care services" means any system of health care delivery that attempts to
12 control or coordinate use of health care services in order to contain health care expenditures
13 or improve quality of health care services.

14 (3) "Motor vehicle" means a self-propelled land motor vehicle or trailer, other than:

15 (a) A farm-type tractor or other self-propelled equipment designed for use principally off
16 public roads, while not upon public roads;

17 (b) A vehicle operated on rails or crawler-treads; or

18 (c) A vehicle located for use as a residence or premises.

19 (4) "Motorcycle" and "moped" have the meanings given those terms in ORS 801.345 and
20 801.365.

21 (5) "Occupying" means in, or upon, or entering into or alighting from.

22 (6) "Pedestrian" means a person while not occupying a self-propelled vehicle other than
23 a wheelchair or a similar low-powered motorized or mechanically propelled vehicle that is
24 designed specifically for use by a physically disabled person and that is determined to be
25 medically necessary for the occupant of the wheelchair or other low-powered vehicle.

26 (7) "Personal injury protection benefits" means the benefits described in ORS 742.520 to
27 742.542.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 **(8) “Private passenger motor vehicle” means a four-wheel passenger or station wagon**
2 **type motor vehicle not used as a public or livery conveyance, and includes any other four-**
3 **wheel motor vehicle of the utility, pickup body, sedan delivery or panel truck type not used**
4 **for wholesale or retail delivery other than farming, a self-propelled mobile home and a farm**
5 **truck.**

6 **(9) “Provider” has the meaning given that term in ORS 743.801.**

7 **SECTION 3.** ORS 742.520 is amended to read:

8 742.520. (1) Every motor vehicle liability policy issued for delivery in this state that covers any
9 private passenger motor vehicle shall provide personal injury protection benefits to the person in-
10 sured thereunder, members of that person’s family residing in the same household, children not re-
11 lated to the insured by blood, marriage or adoption who are residing in the same household as the
12 insured and being reared as the insured’s own, passengers occupying the insured motor vehicle and
13 pedestrians struck by the insured motor vehicle. [*“Personal injury protection benefits” means the*
14 *benefits described in this section and ORS 742.524 and 742.530.*]

15 (2) Personal injury protection benefits apply to a person’s injury or death resulting:

16 (a) In the case of the person insured under the policy and members of that person’s family re-
17 siding in the same household, from the use, occupancy or maintenance of any motor vehicle, except
18 the following vehicles:

19 (A) A motor vehicle, including a motorcycle or moped, that is owned or furnished or available
20 for regular use by any of such persons and that is not described in the policy;

21 (B) A motorcycle or moped which is not owned by any of such persons, but this exclusion applies
22 only when the injury or death results from such person’s operating or riding upon the motorcycle
23 or moped; and

24 (C) A motor vehicle not included in subparagraph (A) or (B) of this paragraph and not a private
25 passenger motor vehicle. However, this exclusion applies only when the injury or death results from
26 such person’s operating or occupying the motor vehicle.

27 (b) In the case of a passenger occupying or a pedestrian struck by the insured motor vehicle,
28 from the use, occupancy or maintenance of the vehicle.

29 (3) Personal injury protection benefits consist of payments for expenses, loss of income and loss
30 of essential services as provided in ORS 742.524.

31 (4) An insurer shall pay all personal injury protection benefits promptly after proof of loss has
32 been submitted to the insurer.

33 (5) The potential existence of a cause of action in tort does not relieve an insurer from the duty
34 to pay personal injury protection benefits.

35 (6) Disputes between insurers and beneficiaries about the amount of personal injury protection
36 benefits, or about the denial of personal injury protection benefits, shall be decided by arbitration
37 if mutually agreed to at the time of the dispute.

38 **(7) An insurer:**

39 **(a) May not enter into or renew any contract that provides, or has the effect of provid-**
40 **ing, managed care services to beneficiaries.**

41 **(b) May enter into or renew any contract that provides evaluation services for benefi-**
42 **ciaries.**

43 [*(7) As used in ORS 742.520 to 742.542:*]

44 [*(a) “Motor vehicle” means a self-propelled land motor vehicle or trailer, other than:*]

45 [*(A) A farm type tractor or other self-propelled equipment designed for use principally off public*

1 roads, while not upon public roads;]

2 [(B) A vehicle operated on rails or crawler-treads; or]

3 [(C) A vehicle located for use as a residence or premises.]

4 [(b) "Motorcycle" and "moped" have the meanings given those terms in ORS 801.345 and
5 801.365.]

6 [(c) "Occupying" means in, or upon, or entering into or alighting from.]

7 [(d) "Pedestrian" means a person while not occupying a self-propelled vehicle other than a wheel-
8 chair or a similar low-powered motorized or mechanically propelled vehicle that is designed specifically
9 for use by a physically disabled person and that is determined to be medically necessary for the occu-
10 pant of the wheelchair or other low-powered vehicle.]

11 [(e) "Private passenger motor vehicle" means a four-wheel passenger or station wagon type motor
12 vehicle not used as a public or livery conveyance, and includes any other four-wheel motor vehicle of
13 the utility, pickup body, sedan delivery or panel truck type not used for wholesale or retail delivery
14 other than farming, a self-propelled mobile home, and a farm truck.]

15 [(f) "Provider" has the meaning given that term in ORS 743.801.]

16 **SECTION 4. Section 2 of this 2005 Act and the amendments to ORS 742.520 by section 3
17 of this 2005 Act apply to motor vehicle liability policies providing personal injury protection
18 benefits issued or renewed on or after the effective date of this 2005 Act.**

19 **SECTION 5.** ORS 87.560 is amended to read:

20 87.560. No lien under ORS 87.555 (1) shall be allowed:

21 (1) For hospitalization and treatment from a physician rendered after a settlement has been ef-
22 fected by or on behalf of the party causing the injury[. *No lien shall be allowed*];

23 (2) Against any sum for necessary attorney fees, costs and expenses incurred by the injured
24 party in securing a settlement, compromise, award or judgment[.]; **or**

25 (3) **For an amount payable for medical services under a policy that provides personal in-
26 jury protection coverage provided to an injured person prior to a hospital or physician per-
27 fecting a lien under ORS 87.565 (2).**

28 **SECTION 6. The amendments to ORS 87.560 by section 5 of this 2005 Act apply to medical
29 services provided to beneficiaries of insurance policies on or after the effective date of this
30 2005 Act.**

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