

B-Engrossed
Senate Bill 585

Ordered by the House June 7
Including Senate Amendments dated March 29 and House Amendments
dated June 7

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 by either an employee of the insurer or**
10 **a third-party medical record or bill review service to determine whether the provision or**
11 **continuation of medical services is necessary or reasonable.**

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

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

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

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

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

20 (4) **"Motorcycle" and "moped" have the meanings given those terms in ORS 801.345 and**
21 **801.365.**

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

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

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 (7) **“Personal injury protection benefits” means the benefits described in ORS 742.520 to**
2 **742.542.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (7) **An insurer:**

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

43 (b) **May enter into or renew any contract that provides evaluation services for benefi-**
44 **aries.**

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

1 [(a) "Motor vehicle" means a self-propelled land motor vehicle or trailer, other than:]

2 [(A) A farm type tractor or other self-propelled equipment designed for use principally off public
3 roads, while not upon public roads;]

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

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

6 [(b) "Motorcycle" and "moped" have the meanings given those terms in ORS 801.345 and
7 801.365.]

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

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

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

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

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

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

22 87.560. (1) No lien under ORS 87.555 (1) shall be allowed:

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

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

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

30 (2) **This section does not preclude a hospital or a physician licensed under chapter 677**
31 **from perfecting a lien under ORS 87.555.**

32 **SECTION 6.** The amendments to ORS 87.560 by section 5 of this 2005 Act apply to medical
33 services provided to beneficiaries of insurance policies on or after the effective date of this
34 2005 Act.

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