

# Senate Bill 585

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 **as introduced**.

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.

## 1 A BILL FOR AN ACT

2 Relating to medical care provided to insurance beneficiaries; creating new provisions; and amending  
3 ORS 87.555 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 payment or delivery that  
12 attempts to control or coordinate use of health care services in order to contain health care  
13 expenditures or improve quality of health care services, or both.

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.

28 (8) "Private passenger motor vehicle" means a four-wheel passenger or station wagon  
29 type motor vehicle not used as a public or livery conveyance, and includes any other four-  
30 wheel motor vehicle of the utility, pickup body, sedan delivery or panel truck type not used

**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 **for wholesale or retail delivery other than farming, a self-propelled mobile home and a farm  
2 truck.**

3 **(9) "Provider" has the meaning given that term in ORS 743.801.**

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

5 742.520. (1) Every motor vehicle liability policy issued for delivery in this state that covers any  
6 private passenger motor vehicle shall provide personal injury protection benefits to the person in-  
7 sured thereunder, members of that person's family residing in the same household, children not re-  
8 lated to the insured by blood, marriage or adoption who are residing in the same household as the  
9 insured and being reared as the insured's own, passengers occupying the insured motor vehicle and  
10 pedestrians struck by the insured motor vehicle. [*Personal injury protection benefits* means the  
11 benefits described in this section and ORS 742.524 and 742.530.]

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

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

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

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

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

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

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

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

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

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

35 (7) **An insurer:**

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

38 (b) **May enter into or renew any contract that provides evaluation services for benefi-  
39 cies.**

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

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

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

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

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

1        [(b) "Motorcycle" and "moped" have the meanings given those terms in ORS 801.345 and  
 2 801.365.]

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

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

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

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

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

16        **SECTION 5.** ORS 87.555 is amended to read:

17        87.555. (1) Except as otherwise provided by law, whenever any person receives hospitalization  
 18 or medical treatment on account of any injury, and the person, or the personal representative of the  
 19 person after the death of the person, claims damages from the person causing the injury, then the  
 20 hospital or any physician licensed under ORS chapter 677 who treats the injured person in the  
 21 hospital or who provides medical services shall have a lien upon any sum awarded the injured per-  
 22 son or the personal representative of the person by judgment or award or obtained by a settlement  
 23 or compromise to the extent of the amount due the hospital and the physician for the reasonable  
 24 value of such medical treatment rendered prior to the date of judgment, award, settlement or com-  
 25 promise. However, no such lien shall be valid against anyone coming under the Workers' Compen-  
 26 sation Act.

27        (2) When the injured person receiving hospitalization or medical care from a physician is the  
 28 beneficiary of an insurance policy, including a policy that provides personal injury protection cov-  
 29 erage or similar no-fault medical insurance but excluding a health insurance policy, that provides  
 30 for payment of such hospitalization and medical care, both the hospital and physician shall have  
 31 liens upon the amount payable under the insurance policy[.] **only** if a hospital or physician has  
 32 properly perfected a lien pursuant to ORS 87.565 (2)[.]. The insurer obligated to make payment shall  
 33 pay the sum due under the insurance policy directly to the hospital and physician in the amount due  
 34 each for services rendered, and such payment shall constitute a release of the insurer making the  
 35 payment to the extent of the payment.

36        (3) When there are insufficient funds to satisfy in full the liens of all hospitals and physicians  
 37 claiming a lien created by this section, the insurer making the payment shall prorate the available  
 38 funds without regard to the sequence of the filing of the notice of lien by the hospitals or physicians,  
 39 and pay the hospitals or physicians in proportion to the amount due each for services rendered.

40        **SECTION 6. The amendments to ORS 87.555 by section 5 of this 2005 Act apply to hospital**  
 41 **services or medical services provided to beneficiaries of insurance policies on or after the**  
 42 **effective date of this 2005 Act.**

43

---