



## Ohio Revised Code

### Section 3941.47 Discontinuing contract with hospital.

Effective: October 1, 1987

Legislation: Senate Bill 124 - 117th General Assembly

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(A) As used in this section, "median price" means the median price charged to the mutual insurance company during the twelve months preceding the notice of intention to discontinue the contract by all other hospitals providing a similar service or services in the same county and the contiguous counties.

(B) Any mutual insurance company which merged or consolidated with a hospital service association may not discontinue before January 1, 1990, the contractual relationship which was in effect between the hospital service association and any hospital, pursuant to Chapter 1739. of the Revised Code, unless the hospital fails to participate in cost management programs provided by the mutual insurance company to its insureds, or the hospital is not operated in a cost effective manner, or the hospital offers services to insureds of the mutual insurance company which, in the exercise of its business judgment, the mutual insurance company believes are priced more expensively than is in the best interests of its policyholders. In determining whether a hospital's prices are more expensive than is in the best interests of its policyholders, the mutual insurance company may conclusively base its decision on the following criterion: whether the price the hospital charges the mutual insurance company for a service or services provided to insureds of the mutual insurance company is greater than the median price. The mutual insurance company shall, at least ninety days prior to the proposed effective date set forth in a notice of intent to discontinue a contract with a hospital, notify in writing the hospital and the superintendent of insurance of the intention to discontinue the contract. The notice of intention to discontinue a contract shall include the median price. In determining whether to discontinue the contract of a hospital, the mutual insurance company shall, in the exercise of its business judgment, determine the hospital's price on a case-mix adjusted basis, including, where appropriate, giving reasonable and uniform credit for a portion of a hospital's reasonable charity care and medical education expense.

In applying the conclusive price criterion, the mutual insurance company shall not discontinue any hospital's contract prior to January 1, 1990, if that hospital's price is at or below the median price, or the hospital agrees within ninety days from the date of receipt of a notice of intention to discontinue



the contract, to provide services to policyholders of the mutual insurance company at a price, adjusted for case mix, including where appropriate, giving reasonable and uniform credit for a portion of a hospital's reasonable charity care and medical education expenses, not greater than the median price.

A discontinuance pursuant to this section shall not be effective until the next annual renewal date of the contract between the mutual insurance company and the hospital or on the thirty-first day of December if the contract has no expiration date.

If a hospital receives a notice of intention to discontinue as provided in this section, it may appeal the decision to the superintendent of insurance within thirty days from the date it receives notice of the discontinuance. The superintendent shall, within thirty days after receipt of notice of appeal, hold a hearing upon proper notice. The superintendent shall, within twenty days after the hearing, issue an order approving or disapproving the discontinuance. All final orders and decisions of the superintendent are subject to judicial review as provided in Chapter 119. of the Revised Code.