

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4516-02
Bill No.: HCS for SB 575
Subject: Insurance - Health
Type: Original
Date: May 8, 2018

Bill Summary: This proposal modifies provisions of law relating to payments for health care services and provides that a managed care plan's network is adequate if the health carrier is accredited by the Accreditation Association of Ambulatory Health Care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Insurance Dedicated Fund	(Less than \$90,000)	(\$90,000)	(\$90,000)
Total Estimated Net Effect on Other State Funds	(Less than \$90,000)	(\$90,000)	(\$90,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight has inquired DIFP for more detail about the fiscal impact estimated to be approximately \$90,000 in Insurance Dedicated Funds. Oversight was unable to receive a response in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the following:

Section 376.690

This section would have a fiscal impact estimated to be approximately \$90,000 in Insurance Dedicated Funds.

This proposal requires DIFP to ensure access to an arbitration process when a health care professional objects to applications of established payments for certain out of network emergency services described in the bill. Based upon conversations with other state insurance departments, the Department estimates the number of annual requests under this legislation to be approximately 1,150.

In order to facilitate this process as directed in this legislation, DIFP Consumer Affairs Division will need to receive and review requests in order to verify that the dispute is subject to the provisions of the bill. Those provisions include;

- If the complaint is related to an emergency medical condition
- If an offer to pay the health care professional a reasonable rate was made
- If after declining payment the health care professional and health carrier negotiated in good faith

ASSUMPTION (continued)

Staff will also need to determine if the health benefit plan and the unpaid bill or claim are subject to state regulation and the requirements of this legislation. For instance;

- Is the health benefit plan issued in Missouri or was it issued in another state, but covering Missouri residents; and
- Is the health benefit plan fully insured or is it a self-funded health benefit plan that is exempted under federal ERISA laws

The health carrier and health care professional cannot waive the covered person's right to privacy while proceeding through arbitration on claims/bills in dispute. To the extent materials are provided by the health care professional or insurer which contain identifiable personal health information (PHI) of the covered person, Department staff may also be required to redact PHI that may not be permissible to share with the third-party arbitrator under federal HIPAA laws.

In addition, this legislation will necessitate access to a database of health care service reimbursement rates by procedure costs with the ability to query by various reimbursement levels so that the arbitrators will have the information outlined in the proposal. This is not information currently available to the Department. The Department believes that it can subscribe to an external service to obtain this information and estimates the costs for this to be less than \$5,000 per year.

In addition to these costs, DIFP would need to bid a contract for an external arbitration services. It is expected these costs are to be split equally between the health care professional and health carrier. These costs will not impact the Insurance Dedicated Fund, but may be passed along to consumers through health insurance premiums.

Section 376.1350 and 376.1367

This section may require policy amendments be submitted to the department for review along with a \$50 filing fee. The department expects to see a filing influx of 100 filings. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000 (100 x \$50). Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Health and Senior Services**, the **Missouri Consolidated Health Care Plan**, the **Department of Transportation**, the **Missouri Department of Conservation**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Social Services**, the **Department of Mental Health** and the **Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
INSURANCE DEDICATED FUND			
<u>Revenue</u> - DIFP \$50 Filing Fee (Sections 376.1350 & 376.1367)	Up to \$5,000	\$0	\$0
<u>Cost</u> - DIFP Administrative cost to ensure access to an arbitration process (Section 376.690)	<u>(\$90,000)</u>	<u>(\$90,000)</u>	<u>(\$90,000)</u>
ESTIMATED NET EFFECT TO THE INSURANCE DEDICATED FUND	(Less than <u>\$90,000</u>)	<u>(\$90,000)</u>	<u>(\$90,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would require the Department of Insurance, Financial Institutions and Professional Registration to ensure access to an arbitration process when a health care professional objects to applications of established payments for certain out-of-network emergency services.


This act provides that the Director of the Department of Insurance, Financial Institutions and Professional Registration shall determine that a managed care plan's network is adequate if the managed care plan is being offered by a health carrier accredited by the Accreditation Association for Ambulatory Health Care.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Missouri Consolidated Health Care Plan
Department of Transportation
Missouri Department of Conservation
Department of Public Safety
 Missouri Highway Patrol
Department of Social Services
Department of Mental Health
Office of Administration
Joint Committee on Administrative Rules
Office of the Secretary of State

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