

Fiscal Estimate Narratives

OCI 12/16/2009

LRB Number	09-0920/2	Introduction Number	AB-0539	Estimate Type	Original
Description Disclosure of information by health care providers, insurers, and governmental self-insured plans; requiring acceptance by a health care provider of a payment amount in certain circumstances; and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

AB 539 places various requirements on insurers. The goal of the bill is to enhance provision of medical cost information consumers. Some of the requirements in AB 539 are ambiguous as to how they would be enforced and by whom.

The bill requires a provider to accept payment from an uninsured patient for a specified amount if the patient obtains health care coverage within 90 days of receiving services. The specified amount is the amount that the insurer would have paid if the patient had been covered at the time of the treatment less any cost sharing provisions that would also have been in place under the policy. Insurers are required to provide this information to the patient. OCI would be required to verify that insurers are complying with this section of the statutes, either through the complaint process or during a company examination.

The bill requires a provider who treats certain patients who obtain insurance coverage within 90 days and provides medical services that are not covered under the patient's policy to accept the average rate paid by insurers for the medical services. It is not clear how and by whom this average rate paid is calculated or verified for reasonableness.

The bill requires an insurer to disclose certain information upon request of an insured; a description of the plan coverage; a description of pre-certification requirements that an insured must comply with in order to obtain coverage for services and; an estimate of out of pocket costs that would be applicable to the particular medical service along with the insurer's estimated payment to be made to the provider and any limitations related to treatments by non-participating providers along with any incentives or discounts. OCI would be required to enforce this provision. OCI would be required to ensure that these disclosures are in compliance with the bill's provisions.

Due to the ambiguities in this bill it is difficult to make a reliable fiscal estimate. OCI envisions rulemaking would be required for guidance into proper and timely disclosure of insurer's covered amount under the bill; and proper calculation of the average rate paid by insurers. OCI would also need to communicate the disclosure requirements in the bill with insurers and verify compliance on an ongoing basis. OCI anticipates increased complaint activity due to this bill as well. In order to adequately implement and enforce the provisions of SB 539 the activities described above would require the addition of one staff attorney and two market regulation examiners. Salary and fringe benefits for the three FTE positions described would increase costs by \$294,400 annually. Other annual costs for supplies, services, technology and travel would increase costs by \$7,900. Three new FTE would also incur one-time costs of \$19,500 related to workstation and computer resource allocations.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Workstation/Office, and Desktop Computer & Software costs for three FTE equal \$19,500		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$294,400	\$
(FTE Position Changes)	(3.0 FTE)	
State Operations - Other Costs	7,900	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$302,300	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS	302,300	
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$302,300	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		
Date		
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