

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**LRB # 99-2313/3**

**INTRODUCTION # AB 518**

**Admin. Rule #**

**Subject**  
**Health Care Plan Independent Review Board**

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

- Increase Existing Appropriation                       Increase Existing Revenues  
 Decrease Existing Appropriation                       Decrease Existing Revenues  
 Create New Appropriation

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
      Permissive       Mandatory  
 2.  Decrease Costs  
      Permissive       Mandatory

3.  Increase Revenues  
      Permissive       Mandatory  
 4.  Decrease Revenues  
      Permissive       Mandatory

5. Types of Local Governmental Units Affected:  
 Towns       Villages       Cities  
 Counties       Others \_\_\_\_\_  
 School Districts       WTCS Districts

**Fund Sources Affected**

- GPR    FED    PRO    PRS    SEG    SEG-S

**Affected Ch. 20 Appropriations**

20.435 (4) (u)

**Assumptions Used in Arriving at Fiscal Estimate:**

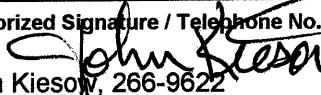
This bill requires every health benefit plan to have an internal grievance procedure under which an enrollee may submit a written grievance and a grievance panel must investigate the grievance and if appropriate, take corrective action. In addition the bill requires every health benefit plan, including managed care plans and plans covering state and municipal employees, to have an independent review procedure for review of certain decisions under the health benefit plan's internal grievance procedure that are adverse to insureds.

This bill would affect DHFS's Health Insurance Risk Sharing Plan (HIRSP) program. Funding for the HIRSP program is provided by state GPR, policyholder premiums, assessments to the insurance industry, and assessments to health-care providers in the form of provider discounts. Because the level of state GPR support for the program is fixed, policyholders, the insurance industry and health-care providers support any additional cost to the program in a 60/20/20 split, respectively.

Current statutes require the HIRSP program to have an independent review board for grievance procedures. This additional independent review board would impose an increased cost to the program. It is assumed that the board review would not extend to preexisting condition exclusions. Based on past HIRSP records, it is estimated that seven grievance determinations per year would be eligible for this additional independent review. Of these seven cases, it is estimated that five of these reviews would be for physician services, one for dental services, and one for chiropractic services.

It is assumed that each review would require five hours of consultation with estimated rates of \$300 per hour for physician consultation, \$100 per hour for dental consultation, and \$100 per hour for chiropractic consultation. As a result, it is estimated that the HIRSP plan will spend an additional \$7,500 for physician reviews, \$500 for dental reviews, and \$500 for chiropractic reviews. This represents a total of \$8,500 per year in additional administrative expenses.

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Date  
 10/26/99

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

1999

**Session**

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**INTRODUCTION # AB 518**

**Subject**

Health Care Plan Independent Review Board

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations - Other Costs	8,500	-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$ 8,500</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S	8,500	-
<b>State Revenues</b> Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS      \$ 8,500      \$ \_\_\_\_\_

NET CHANGE IN REVENUES      \$ \_\_\_\_\_      \$ \_\_\_\_\_

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