

1999 Session		LRB Number 2313/3
FISCAL ESTIMATE DOA-2048 N(R06/99)		Bill Number AB 518
<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> UPDATED <input type="checkbox"/> CORRECTED <input type="checkbox"/> SUPPLEMENTAL		Amendment No. if Applicable
Subject Requires insurers to establish internal grievance procedures and independent review of certain coverage determinations		Administrative Rule Number
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.		
<input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation		<input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local: <input type="checkbox"/> No local government costs		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
Fund Sources Affected <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEG-S		Affected Chapter 20 Appropriations
Assumptions Used in Arriving at Fiscal Estimate		
<p>AB 518 requires all health insurance plans offered to state employees to have an independent review process available under certain circumstances for participants who have health care services denied or payments reduced by the health plan. The independent review will be available if the value of the health care service or payment reduction exceeds \$500 and is denied or reduced because the treatment is experimental or the service does not meet the plans requirement for medical necessity, appropriateness, health care setting, level of care or effectiveness.</p> <p>The cost of AB 518 is indeterminate, though it is not expected to be material. The bill will tend to increase costs to the state to the extent the independent review results in an increase in health insurance premiums paid by the state. This will occur when the independent review organization orders the treatment paid or when plans, as a result of independent review, modify their claims payment practices and begin to pay claims that would otherwise have been denied in the past. Plans likely will incur increases in administrative costs associated with the reviews. There may be a small offsetting reduction in ETF administrative costs if the review process results in fewer appeals to the Group Insurance Board.</p>		
Long-Range Fiscal Implications		
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