

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-3900/4	Introduction Number AB-0872	
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		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <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 Affected Ch. 20 Appropriations		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.145 (1) (g)		
Agency/Prepared By OCI/ Jim Guidry (608) 264-6239	Authorized Signature Sean Dilweg (608) 266-3585	Date 4/3/2008

Fiscal Estimate Narratives

OCI 4/3/2008

LRB Number	07-3900/4	Introduction Number	AB-0872	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 872 places various requirements on insurers. Some of the requirements in AB 872 are ambiguous as to how they would be enforced and by whom.

§ 149.903 (2) (a) 1, for instance requires a provider to accept payment from an uninsured patient in 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 (§ 149.903 (2) (a) 3.). OCI would be required to ensure that insurers are complying with this section of the statutes, either through the complaint process or during a company examination.

§ 149.903 (2) (b) requires a provider who treats certain patients who are with insurers that the provider does not contract with, or provides medical services that are not covered under the patient's policy, or is not a participating provider in the insurers provider network must accept payment from the patient for medical services must 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. It is not clear in the bill which state agency has oversight to determine if the average rate paid is calculated in a manner that is fair and equitable to consumers.

§ 632.798 (2) 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 that may incent the patient to switch providers. OCI would be required to enforce this provision. OCI would be required to ensure that these disclosures are in compliance with state statute

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 § 149.903 (2) (a) 1; and proper calculation of the average rate paid by insurers. OCI would also need to review the disclosure materials in § 632.798 (2) to verify compliance with statutory language. OCI anticipates increased complaint activity due to this bill as well. In order to adequately implement and enforce the provisions of AB 872 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 \$274,000 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 - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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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			
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	\$274,100		\$
(FTE Position Changes)	(3.0 FTE)		
State Operations - Other Costs	7,900		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$282,000		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS	282,000		
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, ets.)			
	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	\$282,000		\$
NET CHANGE IN REVENUE	\$		\$
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