

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7030

BILL NUMBER: HB 1461

DATE PREPARED: Mar 5, 2001

BILL AMENDED: Mar 5, 2001

SUBJECT: Insurer and Health Care Provider Contracting.

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**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) The bill states certain information that an insured or enrollee must submit with an insurance claim in order for the claim to be proper and complete. The bill requires that a complete claim for an evaluation and management code that meets certain requirements be paid to the insured or enrollee not more than 14 days after the claim is submitted. The bill further allows an insurer or health maintenance organization to require a provider to submit additional information for a claim that is not for an evaluation and management code if the request is made within 30 days after the insured or enrollee has submitted the claim. It also prohibits an accident and sickness insurer from requiring a provider to provide health care to enrollees of a health maintenance organization as a condition to provide health care to individuals covered under an accident and sickness insurance policy.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill could potentially have a small impact on future costs faced by health plans providing health benefits to state employees, if any of these health plans currently utilize the provisions prohibited by the bill in agreements with providers. Presumably, the bill could also impact claims processing of health plans if they currently do not meet the time lines for payment of claims specified in the bill. There would only be an impact on premiums and enrollment fees if the cost impact on the affected health plans was significant enough to be passed through to the state and its employees. (By agreement with the state employees, the state agrees to pay 93.5% of any increase in the total premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase.) The potential impact of the prohibition relating to provider agreements would occur in relation to agreements entered into, amended, or renewed after June 30, 2001.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Similar to the state, increased premiums and enrollment

fees may result in additional costs to local governments and school corporations purchasing health benefits from health plans that (1) utilize the provisions prohibited by the bill in agreements with providers or (2) are impacted by the requirements of the bill regarding payment of claims. The impact would depend upon whether the cost impact on affected health plans was significant enough to be passed through to the local units. However, this may not necessarily imply that additional budgetary outlays will arise since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur. The potential impact of the prohibition relating to provider agreements would occur only in relation to agreements entered into, amended, or renewed after June 30, 2001.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Governments and School Corporations.

Information Sources: