**HB 379, EMERGENCY SERVICES BALANCE BILLING AMENDMENTS, (Brammer, B)**

**Anticipated Fiscal Impact:** $608,194/year or $2.46 per employee per month

This bill imposes requirements on managed care organizations (“MCO”) related to an “adequate provider network,” an online provider directory, and the MCO’s explanation of benefits. The bill also requires MCOs to pay for out-of-network emergency services at commercially reasonable rates with a floor of the 80th percentile of healthcare claims and the ability of a provider to seek additional amounts through arbitration.

The total expected increased cost to the state employee health risk pool is $608,194 as detailed below.

First, the bill requires PEHP to determine network adequacy on a county-by-county basis and to report the results to its governing board. Such compliance is estimated to cost $13,750 (250 hours x $55/hour).

Second, the bill requires PEHP to determine average wait times for network providers. Such compliance would be accomplished by a member survey at an estimated cost of $30,000.

Third, the bill requires regionalization of specialty care, which may include allowing some individuals to cross state lines to receive care. PEHP uses a vendor to access out-of-state services. The rates PEHP pays are less favorable compared to rates paid to in-state providers. We believe a safe estimate for this requirement would be $60,000, assuming .1% of medical claims would shift to out-of-state providers.

Fourth, the bill requires PEHP to add new fields to its online provider directory, including a provider’s board certification and participating facility affiliations. PEHP expects it would cost $22,000 (400 hours x $55/hour) for its providers relations representatives to gather this information and $8,500 (100 hours x $85/hour) to add new fields to the online provider directory.

Fifth, this bill would require PEHP to pay for “post-stabilization care” to an out-of-network provider as if in-network. While this would not add costs in physician services, it would add administrative costs for PEHP to identify whether an out-of-network claim was part of post-stabilization care. This would require PEHP to:
• modify its claims system at an estimated cost of $25,500 (300 hours x $85/hour); and
• add a claims adjustor to manually review potential post-stabilization care claims at an estimated cost of $58,600.

The bill requires out-of-network physicians to be paid at the 80th percentile. Assuming the All-Payer Claims Database is selected as the source for the 80th percentile and based on 2017 cost data, PEHP would pay 20% more to ER physicians and 25% more to on-call physicians.

We believe that any ER physician paid less than the 80th percentile would ask us to raise our rates to that amount rather than accept a lower amount to stay in-network. We think that if we failed to raise our allowed amounts for these physicians, there would be no reason for them not to terminate their contract with us to get the higher amount required to be paid outside the contract. As such, because we would prefer to maintain a contractual relationship, we would have no option other than to increase rates. The state risk pool currently pays ER physicians $1.3M. This amount would increase by $297,565 when we increased rates.

In contrast to ER physicians, we do not believe that this bill would alter PEHP’s contracts with in-network physicians who provide emergency services on an on-call basis, since that is a small part of the services they render to PEHP members. Hence, the bill would not impact these physicians.

However, the bill would impact providers who are not currently under contract with PEHP but provide ER services to state employees on an on-call basis. This represents 2.5% of ER claims. Paying these claims at the 80th percentile would increase costs to the state risk pool by $27,279.

Finally, the bill allows providers to seek payment above the 80th percentile through arbitration. PEHP paid for over 13,000 emergency room visits for state employees last year. If 1 in 1000 visits resulted in arbitration, the legal cost would be approximately $65,000 (13 x $5000) per year.