

HB 457, HEALTH INSURANCE AMENDMENTS, (Dunnigan)

Anticipated Cost Impact to the State Health Insurance Pool of Less than \$10,000

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 performed by a physician at one of two rates: (1) for emergency room doctors, the doctor’s median contracted rate; and (2) for on-call doctors, the 80th percentile for doctors in the same specialty as determined by the All Claims Payer Database. The purpose of these provisions is to give patients protection against physicians charging them the full amount of the physicians’ bill above what an insurer pays - a practice called balance billing.

PEHP has worked with the sponsor to limit any additional costs to the state health insurance risk pool for provisions related to provider network adequacy, the online provider directory, and the explanation of benefits. As such, PEHP is either in compliance or compliance with these provisions would be sufficiently minimal to not increase costs to the state.

PEHP currently contracts with every emergency-based physician in Utah for out-of-network emergency services. PEHP does not believe that this bill would alter its current approach or that of its contracted physicians because the rate created in this bill is sufficiently close to what PEHP currently pays and there are reasons for PEHP and our ER physician partners to continue contracting, rather than relying on the statutory rate.

The bill would impact the amount PEHP pays to physicians who are not currently under contract with PEHP but provide ER services on an on-call basis. This represents 2.5% of physician ER claims. Under the bill, PEHP would pay about 15% more than it currently would, using 2017 data to determine the 80th percentile from the All Payer Claim Database. This would increase costs to the state risk pool by \$16,367. However, we believe that PEHP would save at least \$6,367 in administrative costs by not having to work with patients and providers to avoid balance bill situations. In addition, we do not believe that physicians would terminate their contracts with PEHP to get the higher statutory amount since ER claims represent a small part of the total services rendered to state employees.

As such, we would not anticipate that this bill would financially impact the state health insurance risk pool by more than \$10,000.