

March 18, 2021

The Honorable Steven Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 276A-W
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2325 by House Committee on Insurance and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2325 is respectfully submitted to your committee.

HB 2325 would enact the End Surprise Medical Bills Act. The bill would prohibit a health benefit plan, health insurer, or healthcare provider to engage in balance billing practices for services provided in hospitals, ambulatory surgery centers, emergency rooms, and state-accredited freestanding emergency departments. The bill would also prohibit balance billing practices for services ordered by an in-network healthcare provider and provided by an out-of-network healthcare provider or laboratory if the covered person relies on the health plan's provider directory and the directory was inaccurate. The Insurance Commissioner would enforce the Act and would be required to have rules and regulations established by July 1, 2022.

The bill would prohibit a health benefit plan, health insurer, or healthcare provider from issuing a covered person a surprise medical bill. Under HB 2325, these groups would pay the median in-network rate under the plan or coverage, less the covered person's in-network cost-sharing, directly to the healthcare provider. The healthcare provider could accept payment, or the health benefit plan or health insurer would provide information to the healthcare provider about how to initiate independent dispute resolution (IDR). The plan, issuer, or provider could negotiate a payment amount or initiate IDR.

On or before July 1, 2022, the Insurance Commissioner would be required to establish an IDR process with the Governor to resolve payment disputes between health benefit plans or insurers and out-of-network healthcare providers involved in surprise medical bill disputes. A party wishing to participate in an IDR would request certification from the Commissioner. The parties involved in the dispute must agree upon a mediator and if they do not agree then a mediator

would be selected at random by the Department of Labor. HB 2325 describes the IDR process and the final determination process.

The bill would require a healthcare provider to make a reasonable effort to notify a patient within 48 hours of making an appointment with a provider who is not a member of the patient's health benefit plan's provider network. A healthcare provider would be required to notify health insurers within 48 hours of changes that could impact the accuracy of insurer provider directories. The bill also describes the requirement a health insurer must follow for posting electronically and in print.

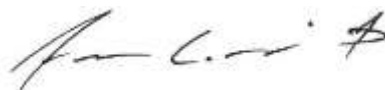
The Department of Administration indicates enactment of HB 2325 would increase costs to the State Employee Health Plan by \$2,456,609 from special revenue funds in calendar year 2022. The Department estimates the cost would increase to \$2,616,289 in calendar year 2023 which assumes a cost and usage increase of 6.5 percent.

The Kansas Insurance Department states that enactment of HB 2325 would require the Department to certify requests for independent dispute resolutions. The Department would require 1.00 FTE position to process the certifications at a cost of \$78,200 from its Insurance Department Service Regulation Fund in FY 2022. Of that amount, \$73,200 would be for salary and wage expenditures and \$5,000 would be for a one-time cost for a computer and other office supplies.

The Office of the Governor states that it would require \$81,500 from the State General Fund in FY 2022 for 1.00 Benefit Analyst FTE position that would coordinate with the Insurance Department to establish an IDR process. Of that amount, \$80,000 would be for salaries and wages and \$1,500 would be for a computer and office supplies. Any fiscal effect associated with HB 2325 is not reflected in *The FY 2022 Governor's Budget Report*.

The Kansas Association of Counties states that the bill could have a fiscal effect on health benefit plans provided by counties; however, the Association cannot provide a fiscal effect estimate.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Jeff Scannell, Department of Administration
Bobbi Mariani, Insurance