

March 9, 2020

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 357 by Senator Bollier

In accordance with KSA 75-3715a, the following fiscal note concerning SB 357 is respectfully submitted to your committee.

SB 357 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 emergency or other situations when the services are provided at a network facility by a non-network provider or are ordered by an in-network healthcare provider and provided by an out-of-network healthcare provider or laboratory and 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, 2021.

The bill would prohibit a health benefit plan, health insurer, or healthcare provider from issuing a covered person a surprise medical bill. Under SB 357, 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. The plan, issuer, or provider could negotiate an amount or initiate independent dispute resolution (IDR).

On or before July 1, 2021, the Insurance Commissioner would 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. SB 357 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 describes the requirement a health insurer must follow for posting electronically and in print.

Estimated State Fiscal Effect				
	FY 2020 SGF	FY 2020 All Funds	FY 2021 SGF	FY 2021 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$81,500	\$159,700
FTE Pos.	--	--	--	--

The Kansas Department of Health and Environment indicates that enactment of SB 357 would increase costs to the State Employee Health Plan (SEHP) by \$330,736 (\$0.37 increase per member per month x 74,490 members x 12 months) in FY 2022. The Department notes that for FY 2023, the additional expense to the SEHP would be \$348,926. The Department also states that enactment of the bill would have no fiscal effect on the Medicaid program.

The Kansas Insurance Department states that enactment of SB 357 would require the Department to certify requests for independent dispute resolution. 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 2021. 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 2021 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.

The Department of Labor states that the bill could require the agency to keep a list of available mediation services and randomly selecting a service when required. The Department estimates the fiscal effect would be negligible and could be absorbed within existing resources.

The Kansas Association of Counties states that the bill could have a fiscal effect on health benefit plans provided by local governments. However, the fiscal effect would be negligible. The League of Kansas Municipalities states that the bill would have no fiscal effect. Any fiscal effect associated with SB 357 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Bobbi Mariani, Insurance
Jay Hall, Association of Counties
Dan Thimmesch, Health & Environment
Dawn Palmberg, Department of Labor
Trey Cocking, League of Municipalities