

BILL SUMMARY
2nd Session of the 56th Legislature

	Bill No.:	HB 3228
	Version:	CS
revised	Request Number:	9998
	Author:	Rep. Moore
	Date:	3/14/2018
	Impact:	See Chart Below

Research Analysis

HB 3228 prohibits a health care insurer from imposing a monetary advantage or penalty that would affect the choice of the insured, when a health care provider not participating in a preferred provider organization (PPO) accepts the highest reimbursement rate available for professional and facility fees.

The measure further provides that, if a provider not participating in the PPO agrees to accept the highest reimbursement available under the agreement and performs services and procedures in a facility providing similar services available under the PPO, the provider accepts the reimbursement as payment in full without balance billing the insured. Insurers would also be required to provide timely payment to the provider.

Finally, the bill prohibits an insurer issuing health benefit plans from terminating or refusing to issue or renew a contract with a physician participating in a PPO if the reason for the denial or termination is that the physician provided the insured a referral to another physician not participating in the network.

Prepared By: Sean Webster

Fiscal Analysis

HB 3228 in its current form, allows non-network providers to agree to accept in-network reimbursement rates for services under certain conditions. Officials from the Office of Management and Enterprise Services – Employees Group Insurance Division (OMES-EGID) anticipate increased costs to the HealthChoice insurance plans as a result of the measure.

The effects of HB 3228 would shift certain cost responsibilities related to covered services from the insured individual to HealthChoice. Generally under current provisions, HealthChoice covers 50% of the allowed charges for services by non-network providers, while the insured individual is responsible for 50%. Under in-network reimbursement structures, HealthChoice covers 80% of such charges, while the insured individual is responsible for 20%. The provisions of HB 3228 allows for a shift in cost responsibility, 30%, (80% less 50%), from insured individuals to HealthChoice.

It is unknown what percentage of non-network providers will chose to participate in the provisions of HB 3228, the below chart includes estimates provided by OMES-EGID related to costs associated with HB 3228 based on scenarios of non-network provider participation rates:

Assumed Provider Participation	Network % (80%)	Non-Network % (50%)	Total Non-Network Cost (HB 3228)	Total Non-Network (Currently)	Increased Cost
25%	\$20,000,000	\$37,500,000	\$57,500,000	\$50,000,000	\$7,500,000
50%	\$40,000,000	\$25,000,000	\$65,000,000	\$50,000,000	\$15,000,000
75%	\$60,000,000	\$12,500,000	\$72,500,000	\$50,000,000	\$22,500,000
100%	\$80,000,000	\$0	\$80,000,000	\$50,000,000	\$30,000,000

Prepared By: John McPhetridge

Other Considerations

None.

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