

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB3290
Version:	INT
Request Number:	10050
Author:	Rep. Taylor
Date:	2/24/2020
Impact:	OID: Minimal fiscal impact anticipated Non-appropriated agency.

EGID: FY-21: \$1.7 million cost to HealthChoice

Research Analysis

HB 3290 creates the Oklahoma Right to Shop At. The measure requires health plans to create a program incentivizing enrollees to shop for less expensive services from out-of-network providers or facilities. Incentives are calculated as a percentage of the difference between the plan's average allowed amount for the service and the out-of-network provider's agreed-upon amount for the service, a flat amount, or by another methodology. Incentives must be applied as a credit toward the enrollee's deductible, copayment, or coinsurance or as a cash payment. Enrollees must receive at least 50% of the savings. Incentives are not required in cases where savings are less than \$25. Incentive payments are not considered an administrative cost.

Health insurers are directed to calculate the average allowed amount paid to a network provider for a certain service on claims within one year. Enrollees are allowed to request an insurer's average allowed amount for a service.

A health insurer must create an interactive tool on their website that allows enrollees to compare allowed amounts for services among providers and to estimate out-of-pocket costs. Health insurers must notify enrollees of the availability of the program annually. A health insurer may contract with a vendor to create the interactive tool.

A health insurer must submit the program description to the Insurance Commissioner for approval before implementing the incentive program. Each year, the insurer must submit to the Oklahoma Insurance Department a report summarizing incentive payments made, use of comparable health services, and total savings. Before April 1 of each year, the Department must submit an aggregate report for all participating carriers to the appropriate legislative committee. The Department must also conduct an analysis on the cost-effectiveness of the incentives program to be completed before November 1, 2021.

Lastly, the measure requires health care providers to provide patients an estimate of their anticipated out-of-pocket costs. Health care providers must post in a visible location notice that a patient has a right to obtain services from a different provider, regardless of referral and that patients may be eligible for an incentive.

Prepared By: Anna Rouw

Fiscal Analysis

After analysis, the measure as written has a minimal fiscal impact to the Oklahoma Insurance Department (OID) a non-appropriated agency.

According to the Oklahoma Employees Group Insurance Division (EGID):

As requested, Aon examined the fiscal impact for House Bill 3290, which states a carrier offering a health plan shall develop and implement a program that provides incentives for members who elect to receive a comparable healthcare service that is covered by the plan from providers that charge less than the average allowed amount for the comparable healthcare service.

Specifically, OMES would need to implement an incentive program in which enrollees are directly incentivized to shop, before and after their out-of-pocket limit has been met, for lower-cost participating health care providers or health care entities for comparable health care services. This includes out-of-network providers if the price is the same or less than the average that the insurance carrier pays to health care providers within its network.

The main area of concern is related to network erosion as a result of member cost share being the same regardless of whether the provider is in-network or out-of-network. Based on Aon's calculations, the fiscal impact is estimated to be a net cost increase of **\$1.7 million** to HealthChoice for one year.

The arrangement proposed by House Bill 3290 could erode HealthChoice's ability to negotiate with the current providers to stay in-network, but this will be offset by members moving to lower cost providers. Based on the estimated impact to the network, the fiscal impact could be a net cost increase of **\$1.7 million** to HealthChoice based on comparable health services such as colonoscopies, CT scans, mammograms, ultrasounds, etc.

	Network Erosion			
	2018 Paid Amounts	Claims Savings ¹	Impact ²	Net Impact
	(A)	(B)	(C)	(D) = (B) + (C)
Colonoscopy	\$ 8,684,000	\$ (214,000)	\$ 434,000	\$ 220,000
CT scans	\$ 7,942,000	\$ (68,000)	\$ 397,000	\$ 329,000
Mammograms	\$ 6,971,000	\$ (32,000)	\$ 349,000	\$ 317,000
Ultrasounds	\$ 3,338,000	\$ (16,000)	\$ 167,000	\$ 151,000
MRI	\$ 7,302,000	\$ (229,000)	\$ 365,000	\$ 136,000
Cataract Surgery	\$ 4,927,000	\$ (76,000)	\$ 246,000	\$ 170,000
Knee Surgery	\$ 6,638,000	\$ (74,000)	\$ 332,000	\$ 258,000
Upper GI endoscopy	\$ 3,950,000	\$ (52,000)	\$ 197,000	\$ 145,000
Total	\$ 49,752,000	\$ (761,000)	\$ 2,487,000	\$ 1,726,000

¹ Claims Savings is defined as savings less incentives. For purposes of the calculation, incentives are assumed to be shared 50% with members. The underlying assumptions are based on a similar size group that currently has this program in place.

² Network Erosion Impact is the estimated impact of providers moving out of the network due to the same member cost shared regardless of network. It's based on the difference of claims cost when comparing tightly managed networks.

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Other Considerations

None.