

# OFFICE OF FISCAL ANALYSIS

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sHB-5039

AN ACT CONCERNING MANDATED HEALTH BENEFIT REVIEW  
AND SURPRISE BILLING.

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Insurance Dept.	IF - See Below	See Below	See Below
UConn Health Ctr.	Various - Revenue Loss	See Below	See Below
State Comptroller - Fringe Benefits	GF&TF - Potential Savings	See Below	See Below

Note: IF=Insurance Fund; Various=Various; GF&TF=General Fund & Transportation Fund

### ***Municipal Impact:***

Municipalities	Effect	FY 19 \$	FY 20 \$
Various Municipalities	Potential Savings	See Below	See Below

### ***Explanation***

Various provisions of the bill are anticipated to result in potential savings to the state employee, state retiree, and certain municipal health plans, revenue loss to the University of Connecticut (UConn) Health Center, and a potential impact to the Insurance Department. Most fiscal impacts will not begin until midyear FY 19, due to the effective dates associated with the relevant sections of the bill.

**Section 1** has no fiscal impact as the Insurance Commissioner has the necessary expertise to provide a list of current mandated health benefits.

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4/9/18

**Section 2** identifies specific types of facility billing requests as unfair trade practices, which is not anticipated to result in a fiscal impact associated with unfair trade practices enforcement.

**Section 3** permits the Insurance Commissioner to contract with an actuarial accounting firm in addition to The University of Connecticut (UConn) Center for Public Health and Health Policy, part of UConn Health Center, to perform mandated health benefit reviews. To the extent reviews are requested, there is a potential savings to the Insurance Fund to the degree the Insurance Department can reduce costs through competitive bidding. Since the Commissioner assesses health carriers for the cost of any reviews, any savings would be offset by a reduced assessment to carriers. To the extent UConn Health Center reduces contract costs or an actuarial accounting firm performs the review instead, there is a potential revenue loss to the Health Center. No reviews have been performed since 2014.

**Section 4** may result in a savings to the state employee and retiree health plan if the bill is interpreted to require a non-participating provider/facility to be reimbursed the in-network rate for emergency services in accordance with section 2719A of the Public Health Service Act (PHSA). Current law conforms to the PHSA's regulations which are contrary to the act. The state employee and retiree health plan currently reimburses non-participating providers/facilities in accordance with current law and PHSA regulation, which is 80% of the usual and customary charge after applicable cost sharing from the insured. There may be similar savings to fully insured municipal plans.

This provision of Section 4 is also anticipated to result in a revenue loss to UConn Health Center. The Health Center typically is reimbursed at the usual and customary charge as described above, which tends to be higher than the in-network rate for services that the health center will receive for emergency services under the bill. The extent of the revenue loss is unknown and depends on the number of patients with a nonparticipating carrier, and the average difference

between the: (1) usual and customary rate described above, and (2) in-network rate.

A second provision of Section 4 will result in additional revenue loss to UConn Health Center as it prohibits out-of-network (i.e., nonparticipating) facilities from billing an emergency services patient for the balance remaining after any cost-sharing and carrier payments, i.e., balance billing. The Health Center currently balance bills patients in this manner but does not track resulting revenue, and consequently the extent of the revenue loss is unknown.

For context, UConn Health Center's FY 16 emergency department net revenues (including any revenues from balance billing and out-of-network carriers) were \$18.2 million. It is estimated 5 percent of the Health Center's emergency department patients are out-of-network, and payments associated with these patients are affected by the bill.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.