Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HB 193
Fiscal Note Number:
() Publish Date:

Identifier: HB193CS(HSS)-DOA-DRB-04-05-18
Title: HEALTH CARE; BALANCE BILLING
Sponsor: GRENN
Requester: (H) Health and Social Services

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Health Plans Administration
OMB Component Number: 2152

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.　　　　　　　　　　　(Thousands of Dollars)

OPERATING EXPENDITURES	FY2019 Appropriation Requested FY 2019	Included in Governor's FY2019 Request FY 2019	Out-Year Cost Estimates FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost:　0.0　　*(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost:　　0.0　　*(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS
Does the bill direct, or will the bill result in, regulation changes adopted by your agency?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Retirement and Benefits	Date:	04/05/2018
Approved By:	Leslie Ridle, Commissioner	Date:	04/05/18
Agency:	Department of Administration		

STATE OF ALASKA   **BILL NO.** CSHB 193
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Analysis

The Division of Retirement and Benefits (the Division) anticipates fiscal impact to the AlaskaCare employee and retiree medical plans and submits an indeterminate fiscal note until an actuarial analysis can be conducted.

AlaskaCare already holds members harmless for emergency services received from an out-of-network provider. However, the bill does not appear to be limited to emergency services. This bill establishes three potential reimbursement methodologies for insurers to compensate out-of-network providers. Depending on which methodology applies, a network provider could be guaranteed a higher reimbursement if they leave the network. This could hamper efforts to broaden AlaskaCare's provider networks by weakening negotiation power with out-of-network providers through the creation of an out-of-network reimbursement floor, and the inability to apply steerage mechanism, such as increased member cost share, to services received out of network. Any methodology that sets a reimbursement floor based on billed charges may ultimately increase out-of-network reimbursement.

The "greater of" language may lead to increases in reimbursements for out-of-network providers currently compensated below these amounts. This bill does not appear to restrict the "greater of" provisions to services rendered in Alaska. This could result in services provided out-of-network in some geographic locations outside of Alaska to be reimbursed at rates higher than the billed amount. The "greater of" methodology will require specialized claims processing, currently unavailable to our contracted vendors. There will likely be costs to either build/maintain or purchase a program to calculate or increased administrative fees to our third party administrator to manually adjudicate every impacted claim.

This bill requires that member cost share be prohibited from being applied when calculating these new reimbursement amounts, leaving the AlaskaCare plans liable for the difference between a member's copayment amount calculated on an in-network service rate and the new calculated amount off of the higher reimbursement structure.