



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 26, 2020

Honorable Mark Newton
Chairman, Special Committee on Access to Quality Health Care
601-H Coverdell Legislative Office Building
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill 888 (LC 46 0246)

Dear Chairman Newton:

This bill would provide protections to healthcare consumers from “surprise billing.” It would require insurance companies to pay a median in-network amount for emergency medical services regardless of whether the provider is in the health plan network. For nonemergency medical services, if a patient is not informed that a provider is out-of-network, the insurance company must pay the median amount for services regardless of whether the provider is in network.

The bill also has a number of requirements for the Office of the Commissioner of Insurance (OCI). OCI must contract with one or more resolution organizations by July 1, 2021 and administer an arbitration process to resolve disputes between insurers and out-of-network providers. Additionally, the bill requires the department to maintain records of insurer payments by a variety of healthcare services and geographic areas of the state. Subject to an appropriation, the department is directed to accomplish this through creation of an all-payer health claims database. If an appropriation is not made, the department would be responsible for updating the information from such other verifiable data as the Commissioner shall determine appropriate.

Office of the Commissioner of Insurance Costs

OCI has additional responsibilities under the bill, including oversight of the dispute resolution process, maintenance of an all-payer health claims database, and/or development of another source of information on insurer payments for health services.

- *Dispute Resolution* – OCI does not expect additional costs to implement an arbitration process for insurers and out-of-network providers. The arbitration process required by this bill can be implemented and executed with existing personnel and infrastructure. As noted

in the bill, the costs for the arbitration (dispute resolution organization and arbitrator) are to be paid by the losing party.

- *All-Payer Health Claims Database* – OCI estimates the cost to develop an all-payer database at \$5 million to \$10 million, and the annual maintenance costs would range from \$3 million to \$5 million. The agency was not able to provide a breakdown of specific costs included in these estimates, but GTA officials indicated that these estimates were reasonable given the size and complexity of the database, but they noted that a number of factors not specified by the bill will impact the final cost. The following factors will impact the actual cost:
 - Whether the department adopts an existing third-party application from another state or develops the database independently.
 - The number of covered persons (i.e., size of the database).
 - The number of payers and the number of transactions recorded.
 - The ability to query the database via the website.
 - The length of time the data is stored (i.e., multiple years of data available).
 - The requirements on how payers are to submit data.
 - The regulatory security requirements surrounding data management.
- *Other Verifiable Data* – If an appropriation for an all-payer database is not made, the department is responsible for updating the information from other verifiable data sources. The Department of Insurance expects to obtain selected information from insurance companies in a different format through the use of additional staff. The department noted that compliance analysts cost \$90,000 each (salary and benefits), and it anticipated the need for up to three employees at a total cost of \$270,000.

Department of Community Health Costs

The Department of Community Health (DCH) is likely to incur additional costs within the State Health Benefit Plan and may incur costs associated with providing health claims to OCI.

- *State Health Benefit Plan (SHBP)* – Although DCH anticipates that the bill will have a fiscal impact on SHBP, the exact cost cannot be estimated. In calendar year 2019, SHBP incurred \$90 million in out-of-network covered charges for the portion of the plan administered by Anthem. After discounts, SHBP members paid \$22.9 million and the plan paid \$46.6 million for those incurred out of network costs. If the bill provisions had been in place during that year, it is likely that the member costs would have been reduced and the plan costs increased by the same amount, though the precise amount of the differences cannot be determined due to other adjustments that may have been made. DCH officials stated that United Healthcare, another plan administrator, uses other mechanisms to ensure that balance billing does not occur; therefore, it is expected that the bill would have no impact on SHBP for those members that access that company's network.
- *Data Extraction and Interface* – All health plans, including SHBP and Medicaid, must provide claim information to OCI. OCI will set the parameters for the data transfer, but it must occur at least annually.

The cost of providing claims data to OCI is uncertain. Multiple entities, including DCH contractors and the Department of Audits and Accounts, obtain health claims from DCH on a monthly basis. A Medicaid claim file is extracted and made available for the entities to acquire. The Department of Audits and Accounts also obtains SHBP claims upon request. If the same files are made available to OCI, additional costs to DCH would be negligible.

DCH provided a cost estimate for the creation of an application program to interface to with OCI. Building this interface would require \$2.1 million to \$2.7 million for the needed hardware, software, and the development costs. Furthermore, the interface would require an additional \$2.5 million to \$4.1 million annually for data hosting, administration, and maintenance costs.

Board of Regents Costs

The bill defines the Regents Retirement Plan as a state health plan; however, Board of Regents officials stated that no provisions in the bill would impact the retirement plan.

Sincerely,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget