LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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FISCAL IMPACT STATEMENT

LS 7281
BILL NUMBER: HB 1421

NOTE PREPARED: Feb 17, 2021
BILL AMENDED: Feb 17, 2021

SUBJECT: Various Health Care Matters.

FIRST AUTHOR: Rep. Schaibley
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *State Employees Health Plans:* It provides that the state employee health plan statute does not prohibit the State Personnel Department (SPD) from directly contracting with health care providers for health care services for state employees.

Definition: It defines "health carrier" for purposes of the law on health provider contracts.

Hospital Price Transparency Rule: It requires a hospital to post pricing information in compliance with the federal Hospital Price Transparency Rule of the Centers for Medicare and Medicaid Services as in effect on January 1, 2021, if:

(1) the federal Hospital Price Transparency Rule is repealed; or
(2) federal enforcement of the federal Hospital Price Transparency Rule is stopped.

Health Provider Contracts: The bill prohibits the inclusion in a health provider contract of any provision that would:

(1) prohibit the disclosure of health care service claims data for purposes of using price transparency tools, including the all payer claims data base;
(2) limit the ability of a health carrier or health provider facility to disclose the allowed amount and fees of services to any insured or enrollee, or to the treating health provider facility or physician of the insured or enrollee; or
(3) limit the ability of a health carrier or health provider facility to disclose out-of-pocket costs to an insured or an enrollee.

Department of Insurance (DOI): It requires the Department of Insurance (DOI) to issue a report to: (1) the

Legislative Council; and (2) the Interim Study Committees on Financial Institutions and Insurance and Public Health, Behavioral Health, and Human Services; setting forth its suggestions for revising the DOI's administrative rules to reduce the regulatory costs incurred by employers seeking to provide health coverage for their employees through multiple employer welfare arrangements.

Interim Study Committee: The bill also urges the Legislative Council to assign to an appropriate interim study committee the task of studying the rising cost and prices of health care services in Indiana.

Market Concentration Study: It requires the Legislative Services Agency (LSA) to conduct a study of market concentration in the health insurance industry, the hospital industry, the professions of licensed health care practitioners, the retail pharmaceutical industry, and the pharmacy benefit manager industry.

Effective Date: Upon passage; March 1, 2021 (retroactive); July 1, 2021.

Explanation of State Expenditures: *Interim Study Committee:* The Legislative Council could assign the study of rising cost and prices of health care services in Indiana to an existing interim study committee or establish a new interim study committee to study this topic during the next interim. Interim study committees operate on budgets established by the Legislative Council based on committee size. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of $13,500 per interim for committees with fewer than 16 members and $17,500 for committees with 16 members or more. If the Legislative Council were to assign this topic to an existing committee and the committee were to have any extra meetings to address this topic, there would be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget.

State Employees Health Plans: Self-insured employers (such as the state of Indiana) have reported cost-savings from contracting directly with health providers for part or all of employee health care coverage. Indiana currently uses a third party administrator to implement the state employees health plan. However, implementing a direct to provider model is complicated by arranging models of care and access for geographically disbursed covered individuals.

Department of Insurance (DOI): The DOI is to produce a report concerning its administrative rules. Also, to the extent that the DOI has oversight of the health provider contracts, workload may minimally increase to evaluate and resolve contract disputes. These increased workloads are within the routine administrative function of the DOI and expected to be accomplished within existing resource and funding levels, assuming near customary agency staffing and resource levels. *[The DOI is funded through a dedicated agency fund.]*

Attorney General: If the Attorney General (AG) conducts additional investigations concerning disallowed contract provisions, the AG's workload may increase. Any increase is expected to be minimal and the requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Pricing Information: Effective on January 1, 2021, 84 FR 65524 requires hospitals to publicly post pricing information for at least 300 "shoppable" services identified by CMS. Current Indiana statute only requires hospitals to post pricing information for 70 of those services in addition to any of the 30 most common services provided by the hospital not included in the other 70. To the extent this affects complaints made to the ISDH workload will very minimally increase.

(Revised) Market Concentration Study: The bill requires the LSA to conduct a health industry market concentration study. This multifaceted evaluation is to be completed by September 1, 2022 and would increase workload for LSA.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Legislative Council; LSA; AG; DOI; ISDH; SPD.

Local Agencies Affected:

Information Sources: Purdue Extension, *Defining Rural Indiana—The First Step,* EC-766-W, January 2013; US Census, Pct_UrbanRural_County.xls, accessed on January 6, 2021; https://www.healthaffairs.org/do/10.1377/hblog20200413.223050/full/; https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/; https://revcycleintelligence.com/news/healthcare-merger-and-acquisition-activity-increased-in-q3-2020; https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-24931.pdf; Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2020; https://www.milliman.com/en/insight/is-direct-to-provider-contracting-a-potential-silver-bullet-for-achieving-value-based-care; IDOA Contract Database.

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