

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 3 - 0 - 2

Yeas: Gordly, Kruse, Monnes Anderson

Nays: 0

Exc.: Carter, Courtney

Prepared By: Shannon Strumpfer, Administrator

Meeting Dates: 5/21

WHAT THE MEASURE DOES: Requires insurers to provide a reasonable estimate to their enrollees of the cost of procedures and services that enrollees will be responsible for, prior to services. Specifies information the enrollees need to provide to the insurer. Specifies seven categories of the most common procedures and services for which insurers must provide cost information. Specifies that insurers disclose enrollees other financial responsibilities, services not covered, contact information, and Department of Business and Consumer Services (DCBS) consumer advocacy information. Directs insurers to establish a procedure for providing enrollees a reasonable estimate of the enrollee's costs of out-of-network procedures or services, including the difference between the insurer's allowable charge and the billed charge. Directs insurers to seek approval from DCBS for explanation and written notice of the methodology used to determine allowable charges. Defines "in-network" and "out-of-network." Grants DCBS rulemaking authority regarding definitions. Sets operative date of July 1, 2009.

ISSUES DISCUSSED:

- Governor's insurance transparency plan
- Factors of quality and cost of health insurance in consumers' choice

EFFECT OF COMMITTEE AMENDMENT: Changes effective date from January 1, 2009 to July 1, 2009. Deletes provision stating that a report from an insurer on the methodology used to determine the insurer's allowable costs be approved by the Director of DCBS.

BACKGROUND: The DCBS Insurance Division provides consumers with information to assist them in making decisions about insurance. In addition, the division's Consumer Advocacy Unit provides general information and assists consumers with complaints against insurance agents and companies. The division reports that many complaints are normally related to consumers not being able to get accurate information on how much out-of-pocket cost (not covered by health insurance) they will incur for medical care.

Over the past interim, the division's Health Insurance Reform Advisory Committee (HIRAC) formed a subgroup to examine transparency in regard to hospital costs as it relates to health insurance. HIRAC also examined transparency issues for insurance carriers, particularly in the areas of usual, customary, and reasonable (UCR) issues.