

Individual State Agency Fiscal Note

Bill Number: 6161 SB	Title: Provider contract comp.	Agency: 160-Office of Insurance Commissioner
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	3.2	1.6	3.6	3.6
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	464,571	464,571	982,828	982,828
Total \$	0	464,571	464,571	982,828	982,828

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 2 requires, for private health plans issued or renewed on or after January 1, 2025, compensation provisions in a provider contract, between a health care provider not employed by a hospital/hospital affiliate and a health carrier for health care services to enrollees of such private health plans, to include an increase in compensation from the prior year for health care services that reflects increases in the consumer price index for all urban consumers over the previous year.

Section 3 requires the Office of Insurance Commissioner to adopt rules necessary to implement the act. Such rules shall reflect standards used to determine the inflationary increase in the qualifying payment amount under the federal No Surprises Act.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 2 requires, for private health plans issued or renewed on or after January 1, 2025, compensation provisions in a provider contract, between a health care provider not employed by a hospital/hospital affiliate and a health carrier for health care services to enrollees of such private health plans, to include an increase in compensation from the prior year for health care services that reflects increases in the consumer price index for all urban consumers over the previous year.

Sections 2 will require all health carriers to update compensation exhibits for private health plan provider contracts each year. The OIC will require one-time costs, in FY2025, of 57 hours of a Functional Program Analyst 4 to update checklist documents, train staff, and provide additional stakeholder education and assistance. The OIC receives approximately 7,350 health provider contract filings each year and assumes an additional 30 minutes of review per provider contract filing requiring 3,675 hours (7,350 provider contracts filings x 30 minutes) of a Functional Program Analyst 3 each year beginning in FY2025 to determine if the reimbursement amount complies with the required compensation adjustment.

Section 2 will significantly change health plan provider expectations regarding compensation and will generate additional health care provider inquiries, calls, and complaints. In 2023, the OIC receive 725 health insurance related complaints from providers, typically with a compensation nexus. As a result of this bill, consumer complaints related to provider compensation are expected to increase by 10% and provider contacts are expected to increase by 36 phone calls and 72 inquiries each year. Informational cases generally take 10 minutes per case and complaint cases generally take between one and 3.25 hours per case. For purposes of this fiscal note, it is assumed that informational cases will take 10 minutes per case and complaint cases will take 1.0 hour per case requiring 91 hours (108 info cases x 10 minutes + 73 complaint cases x 1 hour) of a Functional Program Analyst 3 each year beginning in FY2025.

The annual changes to health provider compensation in Section 2 will require additional market analysis and market conduct examinations of health carriers to ensure compliance with the required provider compensation increases. Market analysis reviews require an average of 40 hours and market conduct examinations require an average of 160 hours per carrier to complete. The OIC assumes an additional 10 market analysis reviews and 10 market conduct examinations will be performed each year requiring 2,000 hours (10 market reviews x 40 hours + 10 market conduct examinations x 160 hours) of a Functional Program Analyst 4 beginning in FY2026.

Section 3 requires the OIC to adopt rules necessary to implement the act. The rules must reflect standards used to determine the inflationary increase in the qualifying payment amount under the federal No Surprises Act. ‘Complex’ rulemaking, in FY2025, will be required due to the involvement of many interest groups, including a wide variety of provider types and carriers.

Ongoing Costs:

Salary, benefits and associated costs for 2.33 FTE Functional Program Analyst 3 and 1.24 FTE Functional Program Analyst 4.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	0	464,571	464,571	982,828	982,828
Total \$			0	464,571	464,571	982,828	982,828

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		3.2	1.6	3.6	3.6
A-Salaries and Wages		276,830	276,830	580,706	580,706
B-Employee Benefits		94,827	94,827	205,556	205,556
C-Professional Service Contracts					
E-Goods and Other Services		92,914	92,914	196,566	196,566
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	464,571	464,571	982,828	982,828

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	78,468		2.3	1.2	2.3	2.3
Functional Program Analyst 4	86,712		0.2	0.1	1.2	1.2
Senior Policy Analyst	116,148		0.7	0.3		
Total FTEs			3.2	1.6	3.6	3.6

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 3 requires the Office of Insurance Commissioner to adopt rules necessary to implement the act. The rules must reflect standards used to determine the inflationary increase in the qualifying payment amount under the federal No Surprises Act. ‘Complex’ rulemaking, in FY2025, will be required due to the involvement of many interest groups, including a wide variety of provider types and carriers.