Department of Planning and Budget
2006 Fiscal Impact Statement

1. **Bill Number** HB946

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Morgan

3. **Committee** Commerce and Labor

4. **Title** Health insurance; assignment of benefits to emergency room physicians.

5. **Summary/Purpose:**

   Requires health insurers to pay health care benefits directly to a physician who has rendered medical screening and stabilization services under the Federal Emergency Medical Treatment and Active Labor Act, if the insured specifically authorizes such an assignment of payment of the benefits. Insurance contracts shall not prohibit the payment of benefits directly to physicians for care provided pursuant to the federal law. A similar provision is applicable to the state employees' health insurance plan.

6. **Fiscal Impact Estimates are:** Indeterminate (See Item 8)

7. **Budget amendment necessary:** No

8. **Fiscal implications:** Currently, the state employee health insurance program maintains a network that allows through negotiated allowances, a discount in charges for professional services to include those provided by emergency room physicians. This bill may result in a reduction in these discounts.

   The provider for the State Employee and Local Choice plans Anthem, will not likely be able to maintain the same breadth of networks that are currently offered and health care costs will increase in two ways. First, insurance premiums will increase as higher fee schedules will be needed to entice enough providers to maintain even a smaller network. Second, more members will be exposed to the potential for balance billing as the number of non-contracting providers increases. (Balanced billing is when a provider bills the patient for the cost over the amount that the insurance covers.) Balance billing may be a greater risk in this case because there is little or no competition when it comes to visiting an emergency room physician.

   The increased cost will result in higher premiums for both the employer and employee. A higher employer premium for the state employee plan will result in an increased general fund requirement. In addition, the premiums of retired state employees under the age of 65 will also increase (pre-Medicare retirees are included in the state employee health insurance program.) The magnitude of this additional cost depends on the actual loss in the professional services discount.

9. **Specific agency or political subdivisions affected:** All state agencies and political subdivisions.

10. **Technical amendment necessary:** No

11. **Other comments:** No

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cc: Secretary of Administration