

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** HB331

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Yancey

**3. Committee:** Appropriations

**4. Title:** Health insurance for state and local government employees

**5. Summary:** Requires that the health insurance plan for state and local government employees contain a reference-based pricing component whereby a fixed maximum amount is paid for certain frequently performed nonemergency medical tests, procedures, and surgeries for which prices vary substantially and the quality of outcomes generally do not correlate with price.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate – see Item 8.

**8. Fiscal Implications:** The proposed legislation requires the Department of Human Resource Management (DHRM) to establish reference-based pricing components in the state employee health plans and The Local Choice (TLC) health plan provided for local governments and school divisions. According to DHRM, reference-based pricing would involve establishing agreements with a sufficient number of providers across the state who will accept no more than a specified fixed price for a particular service. Once the provider infrastructure is established, the health plan will not pay any charges above the fixed maximum price. If a procedure exceeds the fixed maximum price, the health plan member will be responsible for paying those excess charges.

Reference-based pricing could result in savings for the state health insurance plans and TLC; however, until the services have been identified and the fixed prices for the services have been established; the fiscal impact of the proposed legislation cannot be determined.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies. Local school divisions and local governments that are members of TLC.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** No.