

STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 15, 2018

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 341-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 399 by Senators Pilcher-Cook and Suellentrop

In accordance with KSA 75-3715a, the following fiscal note concerning SB 399 is respectfully submitted to your committee.

SB 399 would create the Patient Right to Shop Act. The Act would require any insurance carrier offering a health plan in Kansas to develop and implement a program that provides incentives for insureds participating in the health plan. The bill would require that on or after January 1, 2019, insureds be provided incentives for receiving comparable health care services from a health care organization that charges less than the average allowed amount paid by that carrier to an in-network health care entity. These services would have to be for comparable health care services. Insurers would be required to provide insureds with at least 50.0 percent of the estimated savings to the plan and the insured could direct the method to receive the incentive as cash or credits. Incentives would not be required if the savings is less than \$25.

The bill would also require health insurance carriers to establish publicly accessible websites that enable an insured to request and obtain information from the carrier about payments made by the carrier to in-network health care entities for comparable health care services, as well as quality data for those health care entities, to the extent available. The bill would also require health care providers to provide prospective patients with information to assist patients in determining out of pocket costs for procedures.

The Kansas Department of Health and Environment states that enactment of SB 399 would result in reduced savings for the state in incentive reward payments. For FY 2019, the reduced savings for the state would be \$90,737 from fee funds and would only reflect one-half of the fiscal year. For FY 2020, the reduced savings would be \$290,357 from fee funds. These savings are calculated based upon an assumption of 7.5 percent engagement of state employees in the first year and 12.0 percent engagement state employees for the second year.

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Page 2—SB 399

The Kansas Insurance Department states that enactment of SB 399 could have actuarial costs and medical professional consulting costs incurred by the agency in order to make determinations of comparable health services. There would be ongoing administrative costs incurred by insurance carriers and health care providers beyond the initial start-up costs. Administrative costs would likely affect premiums charged to individuals and groups. The agency states that these costs cannot be estimated. Any fiscal effect associated with SB 399 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell".

Larry L. Campbell
Chief Budget Officer

cc: Glenda Haverkamp, Insurance
Dan Thimmesch, Health & Environment
Colleen Becker, Department of Administration