SB 392-FN – AS AMENDED BY THE SENATE

03/24/10 0915s

03/24/10 1179s

2010 SESSION

10-2776

01/04

SENATE BILL ***392-FN***

AN ACT requiring public hearings concerning health care cost increases in health care services and relative to hospital billing for services to uninsured patients.

SPONSORS: Sen. Fuller Clark, Dist 24; Sen. Hassan, Dist 23; Rep. Rosenwald, Hills 22

COMMITTEE: Commerce, Labor and Consumer Protection

AMENDED ANALYSIS

This bill requires the insurance commissioner to hold an annual public hearing concerning health care costs to identify and quantify the factors contributing to cost increases in health care services in New Hampshire. The commissioner shall prepare an annual report to be submitted to the governor, the president of the senate, and the speaker of the house of representatives.

This bill also requires hospitals, when billing uninsured patients, to accept as payment in full an amount no greater than the average amount received by that hospital from patients covered by health maintenance organizations.

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Explanation: Matter added to current law appears in ***bold italics.***

Matter removed from current law appears [~~in brackets and struckthrough.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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01/04

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT requiring public hearings concerning health care cost increases in health care services and relative to hospital billing for services to uninsured patients.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Paragraph; Insurance; Requested Information. Amend RSA 420-G:14-a by inserting after paragraph IV the following new paragraphs:

V. The commissioner shall hold an annual public hearing concerning private and public health care payer costs and cost trends and health care provider costs and cost trends for the purpose of identifying and quantifying the factors that contribute to cost increases in health insurance premiums and health care services in New Hampshire. The commissioner shall identify variations in the price that health carriers pay for health care services and shall undertake further analysis to determine whether the observed price variations correlate to the quality of care, the sickness or the complexity of the population served, the relative proportion of patients on Medicare or Medicaid that are served by the health care provider, the cost to the health care provider of delivering the service, or the relative proportion of free or reduced care provided to the uninsured. The commissioner shall also analyze the utilization of health care services and payment methodologies, including innovative payment systems, to determine the effect of those methodologies or payment systems on utilization, cost, and quality of care. The commissioner shall further evaluate health insurance premium increases, medical loss ratios, and health carriers' profits. In advance of holding the public hearing, the commissioner may require any health care provider, health insurer, or third party administrator to produce documents and information deemed necessary and relevant to evaluate the factors that contribute to cost growth in health care services, increased utilization of health care, and health insurance premium costs. The commissioner shall keep confidential all nonpublic documents and shall not disclose those documents without the consent of the health care provider or health care payer that produced the information or documents. The commissioner may compel a health care provider or a health insurance carrier to testify at the annual public hearing.

VI. The commissioner shall prepare an annual report concerning health care cost drivers and cost trends. The annual report shall be designed to allow policymakers to develop strategies to contain the increase of health care costs without negatively affecting access to health care services or health care quality. On an annual basis, the report shall identify and quantify spending trends and shall identify and quantify the underlying factors that contributed to the growth of health care costs and increases in health insurance premiums. The report shall include recommendations and strategies for increasing the efficiency of New Hampshire's health care financing and delivery system. The report shall be based on the commissioner's analysis of information and data available to the commissioner, the testimony at the public hearing, and any other information or documents submitted in connection with the public hearing. The commissioner shall submit the annual report to the governor, the president of the senate, and the speaker of the house of representatives. The report shall be submitted by November 1 of each year.

2 New Section; Hospital Rates for Uninsured Patients. Amend RSA 151 by inserting after section 12-a the following new section:

151:12-b Hospital Rates for Uninsured Patients. When billing uninsured patients for a service rendered, a hospital, as defined in RSA 151-C:2, shall accept as payment in full an amount no greater than the average amount received by that hospital from patients covered by health maintenance organizations, as defined in RSA 420-B:1, for that service.

3 Effective Date.

I. Section 1 of this act shall take effect 60 days after its passage.

II. The remainder of this act shall take effect upon its passage.

LBAO

10-2776

Revised 01/21/10

SB 392 FISCAL NOTE

AN ACT requiring public hearings when insurance companies set base rate increases.

FISCAL IMPACT:

The Insurance Department states this bill will increase state restricted expenditures and state restricted revenue by $84,608 in FY 2011, $87,020 in FY 2012, $91,177 in FY 2013 and $95,568 in FY 2014. The Department also states this bill may have an indeterminable fiscal impact on state revenue and may increase county and local expenditures by indeterminable amount in FY 2011 and each year thereafter. There is no fiscal impact on county and local revenue.

METHODOLOGY:

The Insurance Department states this bill will require the Department to hold public hearings when carriers request changes to their base rates. There are approximately 12 insurance carriers participating in markets where base rates are regulated. These insurance carriers generally file changes to base rates on a quarterly basis, which would result in 48 public hearings a year (12 insurance carriers * 4 quarters). The Department assumes it will need to hire a hearing officer (Labor Grade 26) position to manage the workload of this bill. The Department assumes the hearing officer will start on July 1, 2010. The Department estimates the following costs associated with the position:

	FY 2011	FY 2012	FY 2013	FY 2014
Salary (hearing officer, LG 26)	$46,722	$48,770	$50,915	$53,138
Benefits	23,386	25,125	27,009	29,046
Current Expenses (including hearing related expenses)	10,000	10,125	10,253	10,384
Equipment	1,500	0	0	0

Office Space	3,000	3,000	3,000	3,000
Total	$84,608	$87,020	$91,177	$95,568

The Department states the increased costs to the Department will increase the assessments against insurance companies which are typically passed on to the purchasers through premiums. Additionally, the Department assumes the hearings will create an administrative expense to the insurance carriers that may be passed on to purchasers through the premiums. Purchasers may negotiate with the insurance carriers to not accept the full increase the carrier may try to pass on to the purchaser. The Department is not able to determine the impact on revenue. County and local government may have increased expenditures to the extent they have increased premiums as a result of this bill.

This bill does not contain an appropriation or authorization for positions.