

PREPARED BY: Nikki Swope
 DATE PREPARED: February 07, 2022
 PHONE: 402-471-0042

LB 1175

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1175 would prohibit a health insurer from removing a provider as an in-network provider for only financial reasons. The bill further gives removed providers, or a patient of the provider, the ability to bring civil action against the insurers if they believe were removed for purely financial reasons.

The Department of Insurance does not anticipate a fiscal impact.

The University of Nebraska System is unable to determine a definite fiscal impact as the language of the bill does not include a definition of financial reasons or whether the bill would be applicable if a contract for the third-party administrator is not renewed. The University System anticipates a negative fiscal impact but the total expenditures are indeterminable.

The Department of Administrative Services also anticipates a negative fiscal impact but the expenditures are indeterminable because the language of the bill does not clarify whether self-insured plans are included. If self-insured plans are included, litigation against the State's third-party administrator could also include the State.

The Department of Health and Human Services does not anticipate a fiscal impact from this bill; however it may affect contracted managed care organizations if they are not allowed to remove providers for financial reasons.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1175	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Neil Sullivan	DATE: 1/28/2022	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the University of Nebraska assessment of indeterminate fiscal impact from LB 1175.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1175	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Neil Sullivan	DATE: 2/7/2022	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Department of Administrative Services assessment of indeterminate fiscal impact from LB 1175.			

CONTINUED

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1175	AM:	AGENCY/POLT. SUB: Department of Health & Human Services
REVIEWED BY: Neil Sullivan	DATE: 2/11/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Health & Human Services assessment of no direct fiscal impact from LB 1175.		

Please complete ALL (5) blanks in the first three lines.

2022

LB⁽¹⁾ 1175

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

Prepared by: ⁽³⁾ Michael W. Anderson Date Prepared: ⁽⁴⁾ 1/20/2022 Phone: ⁽⁵⁾ 402-471-4649

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1175 prohibits health insurers from removing a provider as an in-network provider for purely financial reasons and gives removed providers the ability to bring civil action against the insurers where they have good faith to believe that they were removed for purely financial reasons. No change in Department of Insurance expenditures or revenues would be expected as a result of LB 1175.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

LB ⁽¹⁾ 1175 Prohibit a health insurer from removing a provider as an in-network provider under certain circumstances

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System

Prepared by:⁽³⁾ Chris Kabourek

Date Prepared:⁽⁴⁾ 01/26/2022

Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2022-23		FY 2023-24	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	0.00	0.00	0.00	0.00
CASH FUNDS	0.00	0.00	0.00	0.00
FEDERAL FUNDS	0.00	0.00	0.00	0.00
OTHER FUNDS	0.00	0.00	0.00	0.00
TOTAL FUNDS	0.00	0.00	0.00	0.00

Explanation of Estimate:

Section 1 of LB1175 states "(1) A health insurer in this state shall not remove a provider as an in-network provider for only financial reasons if such provider wishes to remain as an in-network provider and agrees to remain in contract with such health insurer."

The in-network providers for the University of Nebraska health insurance plan are managed by UMR, our third party plan administrator. It is possible that higher costs for provider contracts will result in increase costs to our self-insured health plan, but the bill does not provide a definition of financial reasons so the costs are difficult to estimate. Additionally, UMR had concerns on the bill's applicability if a contract is not renewed and they are unsure if a non-renewed provider contract would be considered a removal under the regulations of the bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2022-23	2023-24
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	0	0		
	0	0		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

Please complete ALL (5) blanks in the first three lines.

2022

LB⁽¹⁾ 1175

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS)
 - Employee Wellness & Benefits

Prepared by: ⁽³⁾ Jennifer Norris Date Prepared: ⁽⁴⁾ 01/28/2022 Phone: ⁽⁵⁾ 402/471-4443

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>

Explanation of Estimate:

LB 1175 as introduced, prohibits a health insurer in this state to remove a provider as an in-network provider for only financial reasons if the provider wishes to remain as an in-network provider and agrees to remain in contract with the health insurer. The bill provides for the ability of the provider, or a patient negatively affected by the removal to bring a civil action against the insurer.

It is unclear if a self-insured plan is covered, but litigation against the State's Third Party-Administrator (TPA) could also include the State. The cost of any litigation and claims paid could be the responsibility of the State's health plans.

LB 1175 as introduced could have an undeterminable fiscal impact on the State's health plan.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-10-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	\$0	See below	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

LB1175 prohibits a health insurer from removing an in-network provider for only financial reasons if the provider desires to remain enrolled as an in-network provider and agrees to remain in contract with the insurer. The bill allows a provider who has been removed and has a good faith belief that the removal was only due to financial reasons, or client of said provider, to bring a civil action against the insurer for damages associated with the removal if they first fail in an appeal to the insurer.

There is no direct fiscal impact from this bill to the Department of Health and Human Services (DHHS). If passed and it applies to Nebraska Medicaid, there could be a limit on the Department’s ability to take actions to collect refunds from providers. The Department’s contracted managed care organizations (MCOs) may have trouble managing their networks if they are not allowed to remove providers over concern that the provider might believe they are being removed for only financial reasons. Today, under certain circumstances, Medicaid providers who fail to refund overpayments are terminated from Medicaid provider enrollment. MCOs are not permitted to pay providers who are not enrolled with Medicaid, and therefore this could create situations whereby a provider may argue they are being removed from an MCO network due to “financial” reasons whereby they have been terminated from Medicaid Enrollment.

This bill could lead to an increase in administrative appeals and civil suits. If a managed care entity ends a contract with a provider and the provider appeals using this reason, it would eventually have to be heard by the DHHS hearing office prior to filing a civil suit. If a Medicaid provider becomes involved in a suit with a managed care entity, there is a potential impact on the Legal division as they may need to be involved or respond to documentation demands.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2022-2023 EXPENDITURES	2023-2024 EXPENDITURES
	22-23	23-24		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0