

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB1075

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

2. Patron: Leftwich

3. Committee: Commerce and Energy

4. Title: Health care provider panels; vertically integrated carriers, reimbursements to providers.

5. Summary: Requires any vertically integrated carrier, upon written request, to offer participation in each requested provider panel or network established for each of the vertically integrated carrier's policies, products, and plans, including all policies, products, and plans offered to individuals, employers, and enrollees in government benefit programs, to the requesting provider under the same terms and conditions that apply to providers under common control with the vertically integrated carrier. The measure requires that the offered participation (i) be without any adverse tiering or other financial incentives that may discourage enrollees from utilizing the services of the provider, (ii) include all sites and services offered by the provider, and (iii) take into account the different characteristics of different providers with regard to the range, nature, cost, and complexity of services offered. The measure prohibits an officer or director of a vertically integrated carrier from simultaneously serving as an officer or director of an entity that owns, operates, manages, or controls an acute care hospital located, in whole or in part, in the Commonwealth. The measure defines "vertically integrated carrier" as a health insurer or other carrier that owns an interest in, is owned by, or is under common ownership or control with an acute care hospital facility, excluding an entity that is under the ultimate control of or under common control with a public hospital.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate – see item 8

8. Fiscal Implications: The Department of Human Resource Management indicates this bill does not impact the state health plan. The State Corporation Commission also indicates this bill has no fiscal impact on the Bureau of Insurance or the Health Benefit Exchange.

Two of the six managed care organizations (MCO) currently under contract with the Department of Medical Assistance Services (DMAS) to provide medical assistance are expected to meet the bill's definition of "vertically integrated carrier." These two MCO's would be required to contract with any willing provider and offer "the same terms and conditions" that it applies to its providers that are "under common control" of the vertically integrated carrier. This bill has the potential to increase the provider networks for required

MCOs and thus this bill could have a fiscal impact on Medicaid. However, the impact would be influenced by numerous variables that are difficult to quantify with any degree of certainty, such as anticipated quantity of additional providers, the payment rates to providers and its impact on the managed care capitation rate. Therefore, DMAS is unable to determine a fiscal impact at this time.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, State Corporation Commission, Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: SB204 is a companion bill to HB1075.