

AMENDED BILL

State Impact

This bill would allow individuals with coverage through a health maintenance organization (HMO) or a preferred provider organization (PPO) to go outside of their plan for services. This provision would limit the ability of the Public Employees Health Program (PEHP) to negotiate "exclusive" discounts from its network providers for public employees' benefits. The impact of this projected loss is estimated at \$5.1 million, of which \$2.4 million are state funds. Included in the cost estimate is \$30,000 for legal and actuarial services. PEHP also administers insurance coverage for many local governments that would also see increases in their premiums.

If individuals utilized out-of-network providers, claims costs could decrease because of the reimbursement levels at 95 percent of network allowable charges. Over time, if individuals used out-of-network providers, competition between network providers and out-of-network providers could push costs down, which would result in savings.

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$1,189,100	\$1,189,100	\$0	\$0
Uniform School Fund	\$1,235,200	\$1,235,200	\$0	\$0
TOTAL	\$2,424,300	\$2,424,300	\$0	\$0

Individual and Business Impact

This bill would allow individuals the option of utilizing out-of-network providers, but could also increase their costs of health care if premiums rise. Insurance companies could see some of their costs decrease due to reduced claim payments, but would likely also see costs increase if exclusive provider discounts were eroded.
