

**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, which would be passed on in the form of higher premiums. The projected increase in premiums for the state is \$3.9 million; the projected increase in premiums for local governments and other entities covered by PEHP totals approximately \$1.8 million.

Over time, state and local claims costs could decrease if enough subscribers utilized out-of-network providers, because of reimbursement levels at 95 percent of allowable network charges and because of potential competition between network providers and out-of-network providers.

	<u><b>FY 2007</b></u>	<u><b>FY 2008</b></u>	<u><b>FY 2007</b></u>	<u><b>FY 2008</b></u>
	<u><b>Approp.</b></u>	<u><b>Approp.</b></u>	<u><b>Revenue</b></u>	<u><b>Revenue</b></u>
General Fund	\$1,912,900	\$1,912,900	\$0	\$0
Uniform School Fund	\$1,987,100	\$1,987,100	\$0	\$0
<b>TOTAL</b>	<u><b>\$3,900,000</b></u>	<u><b>\$3,900,000</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

---

**Individual and Business Impact**

Individuals would have the option of utilizing out-of-network health care providers. If this erodes discounts from network providers, it may cause premiums to rise. However, if over time it lowers reimbursements and fosters competition, it may cause premiums to decline. The impact on insurance companies would depend on the same variables. Out-of-network providers may experience increased business.

---