

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE BILL 1590

Short Title: Hlth Ins. Policy Change/Fiscal Impact. (Public)

Sponsors: Representatives England; Glazier and Harrison.

Referred to: Health, if favorable, Insurance.

April 19, 2007

A BILL TO BE ENTITLED

AN ACT TO REQUIRE INSURERS THAT PROVIDE HEALTH BENEFIT PLANS TO PROVIDE HEALTH CARE PROVIDERS WITH A FISCAL IMPACT REPORT WHEN THE INSURER MAKES A SUBSTANTIAL POLICY CHANGE.

The General Assembly of North Carolina enacts:

**SECTION 1.** Part 1 of Article 50 of Chapter 58 of the General Statutes is amended by adding the following new section to read:

**"§ 58-50-47. Insurers provide fiscal impact report to health care providers that provide services covered under the insurer's health benefit plan.**

(a) An insurer that provides a health benefit plan as defined in G.S. 58-3-167 shall, prior to implementing a substantial change in the provider policy, prior authorization policy, endorsement of a method of alternative health care delivery model, cost containment policy, or any other cost-saving measures implemented under health plan administration, provide to all enrolled and affected health care providers a full analysis of the direct and indirect fiscal impact of the change on the health care provider's practice or business. The analysis shall comply with the requirements of subsection (b) of this section.

(b) Prior to the implementation of a substantial change in health plan administration designed to produce cost savings, the health benefit plan administrator shall conduct a fiscal analysis and fiscal impact study that provides detailed information regarding the following:

- (1) A full description of the proposed cost-saving measure or policy change, including the reason for the change and the intended results.
- (2) The anticipated savings accruing to the health benefit plan as a result of implementation of the cost-saving measure or policy change.
- (3) The types of health care providers, or groups of providers that will be affected by the proposed cost-saving measure or policy change.

- 1           (4) The projected cost savings that will accrue to the health benefit plan  
2 immediately upon implementation of the cost-saving measure or  
3 policy change, and over the long term.
- 4           (5) Anticipated premium reductions or health care cost savings that will be  
5 passed along to the health benefit plan's nonprovider customers.
- 6           (6) The anticipated amount of savings to be remitted to the providers  
7 whose expertise, methods, time, effort, and resources are responsible  
8 for generating the savings.
- 9           (7) The anticipated cost to the affected providers or provider groups to  
10 implement the cost-saving measure or policy change on behalf of the  
11 health benefit plan.
- 12           (8) The methods for communicating the cost-saving measure or policy  
13 change to affected providers or groups of providers.
- 14           (9) The adjustments to the rate of payment to the provider required to  
15 compensate for the additional costs to the provider incurred during the  
16 course of implementation of the cost-saving measure or policy change.
- 17           (10) The projected savings that will be distributed to the providers that  
18 generate the savings to the health benefit plan.

19           (c) An insurer that provides a health benefit plan as defined in G.S. 58-3-167, or  
20 an entity licensed to administer health care benefits on behalf of any other entity, may  
21 not implement a cost-saving measure or policy change that substantially affects the cost  
22 of delivery health services by licensed providers or groups of providers without having  
23 developed a plan to fully compensate the enrolled health care providers for the costs  
24 associated with implementing the cost-saving measure or policy change, including a  
25 share of the savings attributable to the providers' actual investment of time, expertise,  
26 and expense required to implement the cost-saving measure or policy change on behalf  
27 of the health benefit plan. The amount of savings projected shall include any long-term  
28 benefits and savings accruing to the health benefit plan realized by the implementation  
29 of the cost-saving measure or policy change."

30           **SECTION 2.** This act becomes effective January 1, 2008, and applies to  
31 health benefit plans issued, delivered, or renewed on and after that date.