

Senate Study Bill 3161 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON CHAPMAN)

A BILL FOR

1 An Act relating to incentive programs and health care cost
2 transparency tools offered by health carriers and health
3 care providers to enable insured individuals to seek lower
4 cost health care services, and including applicability
5 provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 514C.32 Patient protections to
2 enable individual insurers to seek lower health care costs.

3 1. *Definitions.* For the purpose of this section:

4 a. "*Average amount*" means the average price paid by a health
5 carrier to a network health care provider for health care
6 services within a one-calendar-year period.

7 b. "*Commissioner*" means the commissioner of insurance.

8 c. "*Comparable health care services*" means covered health
9 care services for which a covered person may receive an
10 incentive under a comparable health care services incentive
11 program. "*Comparable health care services*" includes
12 nonemergency health care services in any of the following
13 categories:

14 (1) Physical and occupational therapy services.

15 (2) Radiology and imaging services.

16 (3) Infusion therapy services.

17 (4) Clinical laboratory services.

18 (5) Outpatient nonsurgical diagnostic tests and procedures.

19 d. "*Contracted amount*" means the amount agreed to be paid by
20 a health carrier pursuant to a health benefit plan to a health
21 care provider for health care services covered by the health
22 benefit plan.

23 e. "*Covered person*" means the same as defined in section
24 514J.102.

25 f. "*Emergency services*" means the same as defined in section
26 514J.102.

27 g. "*Health benefit plan*" means the same as defined in
28 section 514J.102.

29 h. "*Health care provider*" means the same as defined in
30 section 514J.102.

31 i. "*Health care services*" means the same as defined in
32 section 514J.102.

33 j. "*Health carrier*" means the same as defined in section
34 514J.102.

35 k. "*Program*" means a comparable health care services

1 incentive program established by a health carrier pursuant to
2 this section.

3 2. *Comparable health care services incentive program*
4 *requirements.*

5 a. Notwithstanding the uniformity of treatment requirements
6 of section 514C.6, a health carrier shall offer a program that
7 provides an incentive for a covered person to elect to receive
8 comparable health care services from a health care provider
9 that charges less than the average amount for those comparable
10 health care services. An incentive under the program must be
11 provided in accordance with all of the following:

12 (1) The incentive may be a cash payment, a credit toward
13 a covered person's annual deductible, or other incentive as
14 approved by the commissioner. A health carrier may allow a
15 covered person to choose between the incentive options.

16 (2) The incentive may be calculated as a percentage of
17 the difference between the contracted amount and the average
18 amount for comparable health care services or calculated by an
19 alternative method as approved by the commissioner.

20 (3) The incentive shall be no less than fifty percent of
21 the health carrier's saved costs for the comparable health care
22 services elected to be received by a covered person that result
23 in a cost savings to the health carrier.

24 b. A health carrier is not required to pay an incentive
25 to a covered person if the health carrier's cost savings for
26 comparable health care services elected to be received by a
27 covered person are twenty-five dollars or less.

28 c. A health carrier may require a covered person to provide
29 reasonable documentation, such as a written quote from a health
30 care provider, to substantiate that prior to receiving the
31 comparable health care services, the covered person sought care
32 from a health care provider that charges less than the average
33 amount.

34 d. A health carrier shall provide written notice of the
35 program to all covered persons annually and at the time of

1 enrollment or renewal. The notice shall include a description
2 of all available incentives and the requirements for a covered
3 person to earn an incentive.

4 *e.* A health carrier shall provide, upon a covered person's
5 request related to comparable health care services provided by
6 a network health care provider, all of the following:

7 (1) A good-faith cost estimate for the services based on a
8 description of the services or the applicable standard medical
9 codes or current procedural terminology used by the American
10 medical association as provided by the health care provider.
11 The health carrier shall request additional information from
12 the health care provider if necessary to provide a good-faith
13 estimate.

14 (2) A good-faith estimate of the covered person's total
15 out-of-pocket costs including but not limited to copayments,
16 deductibles, coinsurance, and any other cost-sharing
17 requirements.

18 (3) A written notice that the good-faith estimate is
19 only an estimate and the actual amount the covered person is
20 responsible for may vary based on unforeseen circumstances that
21 arise from the provision of health care services.

22 *f.* This subsection does not prohibit a health carrier from
23 imposing a cost-sharing requirement on a covered person for
24 unforeseen circumstances that may arise from the provision of
25 comparable health care services if the cost-sharing requirement
26 is disclosed in the covered person's health benefit plan.

27 *g.* Prior to offering a program to a covered person, a health
28 benefit plan filed with the commissioner pursuant to this
29 section shall disclose all of the following as related to the
30 program:

31 (1) All comparable health care services that are available
32 as part of the program.

33 (2) A detailed description of all incentives available to
34 a covered person.

35 (3) All actions required of a covered person to earn each

1 incentive.

2 (4) Any limitations on any of the available incentives.

3 *h.* This subsection does not preclude a health carrier from
4 including additional categories of nonemergency health care
5 services in the health carrier's program.

6 3. *Health carrier cost transparency tool*
7 *requirements.* Notwithstanding the uniformity of treatment
8 requirements of section 514C.6, a health carrier shall create
9 and maintain a publicly accessible interactive internet site
10 and provide a toll-free number that allows a covered person
11 access to all of the following:

12 *a.* A tool to compare the contracted amount for all network
13 health care providers for all nonemergency health care services
14 and all comparable health care services.

15 *b.* A tool to compare the average amount for all network
16 health care providers for all nonemergency health care services
17 and all comparable health care services.

18 *c.* Quality data or health care provider ratings, to the
19 extent available, for all network health care providers.

20 4. *Health care provider cost transparency requirements.*

21 *a.* Within two business days of a covered person's request, a
22 network health care provider under the covered person's health
23 benefit plan shall provide the covered person with all of the
24 following as related to proposed nonemergency health care
25 services:

26 (1) Sufficient information necessary to allow the covered
27 person to obtain a good-faith cost estimate from the covered
28 person's health carrier. If the information is unavailable,
29 the health care provider must note that any information
30 provided is incomplete and inform the covered person of the
31 covered person's ability to obtain the updated information when
32 it becomes available.

33 (2) All facility or other fees or costs that may be assessed
34 to the covered person as part of the proposed nonemergency
35 health care services.

1 **b.** Within two business days of a covered person's request,
2 an out-of-network health care provider shall provide the
3 covered person with the total cost, including all facility
4 fees, for proposed nonemergency health care services.

5 **c.** All health care providers shall post a sign in an area
6 visible to patients that provides notice of a covered person's
7 right to all of the following:

8 (1) Sufficient detail regarding proposed nonemergency
9 health care services to allow a covered person to obtain
10 assistance from the covered person's health carrier to compare
11 all costs associated with the proposed nonemergency health care
12 services and all health care providers who provide those health
13 care services.

14 (2) Health care transparency tools on a covered person's
15 health carrier's internet site or accessible by a toll-free
16 number that allows the covered person to compare contracted
17 amounts and average amounts for nonemergency health care
18 services and comparable health care services.

19 (3) A good faith cost estimate, including all fees and
20 out-of-pocket costs, from the covered person's health carrier
21 for proposed nonemergency health care services.

22 (4) A program offered by a covered person's health carrier
23 that may allow the covered person to earn an incentive provided
24 that the covered person meets the requirements of such program.

25 (5) The ability to select an out-of-network health care
26 provider for the delivery of nonemergency health care services
27 at a cost equal to or less than the cost of the same health
28 care services provided in network provided the covered person
29 complies with all requirements under the covered person's
30 health benefit plan.

31 **5.** *Covered health care services obtained from an*
32 *out-of-network health care provider.*

33 **a.** If a covered person elects to receive covered health
34 care services from an out-of-network health care provider at a
35 cost less than or equal to the average price that the covered

1 person's health carrier has paid all network providers for
2 the same health care services for the last twelve consecutive
3 months, the covered person's health carrier shall do all of the
4 following:

5 (1) Allow the covered person to obtain the covered health
6 care services from the out-of-network health care provider at
7 the out-of-network health care provider's price.

8 (2) Apply any payments made by the covered person for the
9 health care services toward the covered person's deductible
10 and out-of-pocket maximum as specified in the covered person's
11 health benefit plan as if the health care services had been
12 provided by a network health care provider.

13 (3) Provide a downloadable or interactive online form
14 for the covered person to submit proof of payment to the
15 out-of-network health care provider.

16 *b.* A health carrier may base the average price that the
17 health carrier has paid all network health care providers for
18 covered health care services for the last twelve consecutive
19 months either under a covered person's health benefit plan or
20 under all health benefit plans offered by the health carrier
21 in this state.

22 *c.* A health carrier shall provide written notice annually
23 to all covered persons of the covered person's right to
24 elect to receive covered nonemergency health care services
25 from an out-of-network health care provider pursuant to this
26 subsection.

27 *6. Incentives are not an administrative expense.* An
28 incentive provided by a health carrier to a covered person
29 shall not be classified as an administrative expense of the
30 health carrier for a rate filing calculation or for a rate
31 filing with the commissioner.

32 *7. Annual report to the commissioner.* A health carrier
33 shall file an annual report with the commissioner in the form
34 required by the commissioner that contains all of the following
35 for each of the health carrier's health benefit plans:

1 *a.* The total number of each type of incentive issued to
2 covered persons.

3 *b.* Each comparable health care services category, by
4 category, for which an incentive was issued.

5 *c.* The average dollar amount of all incentives, by incentive
6 type, issued for each category of comparable health care
7 services.

8 *d.* The percentage of covered persons who participated in the
9 program.

10 *e.* The total dollar amount saved by the health carrier
11 as compared with the average amount for each category of
12 comparable health care services.

13 *f.* The number of out-of-network nonemergency health care
14 services elected by covered persons.

15 *g.* The type of out-of-network nonemergency health care
16 services elected by covered persons.

17 *h.* The total dollar amount saved by the health carrier for
18 out-of-network nonemergency health care services elected by
19 covered persons.

20 8. *Rules.* The commissioner shall adopt rules pursuant to
21 chapter 17A to administer this section.

22 9. *Applicability.*

23 *a.* This section shall apply to the following classes of
24 third-party payment provider contracts, policies, or plans
25 delivered, issued for delivery, continued, or renewed in this
26 state on or after January 1, 2019:

27 (1) Individual or group accident and sickness insurance
28 providing coverage on an expense-incurred basis.

29 (2) An individual or group hospital or medical service
30 contract issued pursuant to chapter 509, 514, or 514A.

31 (3) An individual or group health maintenance organization
32 contract regulated under chapter 514B.

33 (4) A plan established for public employees pursuant to
34 chapter 509A.

35 *b.* This section shall not apply to accident-only,

1 specified disease, short-term hospital or medical, hospital
2 confinement indemnity, credit, dental, vision, Medicare
3 supplement, long-term care, basic hospital and medical-surgical
4 expense coverage as defined by the commissioner, disability
5 income insurance coverage, coverage issued as a supplement
6 to liability insurance, workers' compensation or similar
7 insurance, or automobile medical payment insurance.

8

EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill relates to incentive programs and health care cost
12 transparency tools offered by health carriers and health care
13 providers to enable insured individuals to seek lower cost
14 health care services.

15 The bill requires a health carrier to offer a program that
16 provides an incentive, such as a cash payment, for a covered
17 person to elect to receive comparable health care services, as
18 defined in the bill, from a health care provider that charges
19 less than the average amount for those services. Prior to
20 offering a comparable health care service incentive program
21 (program), the bill requires a health carrier to file a
22 health benefit plan with the commissioner that discloses all
23 health care services that qualify for the program, a detailed
24 description of all available incentives, all actions required
25 of a covered person to earn each incentive, and all limitations
26 on any incentive. The bill does not preclude a health carrier
27 from expanding the types of health care services that are
28 eligible for the program.

29 The bill provides for an incentive calculated as a
30 percentage of the difference between the contracted amount and
31 the average amount for health care services as those terms are
32 defined in the bill. The incentive paid to a covered person
33 must be no less than 50 percent of the cost savings by the
34 health carrier. The health carrier may require documentation
35 that shows that prior to receiving the comparable health care

1 service, the covered person sought coverage from a health care
2 provider that charges less than the average amount.

3 The bill requires a health carrier to establish cost
4 transparency tools that are available on an interactive
5 internet site or by a toll-free number that allow a covered
6 person to obtain quality data and to compare the contracted
7 and average amounts for all network health care providers for
8 nonemergency and comparable health care services.

9 A covered person's health carrier must provide a good-faith
10 cost estimate, including total out-of-pocket costs, to the
11 covered person for comparable health care services. The
12 health carrier must provide written notice that the good-faith
13 estimate is only an estimate. The health carrier may impose
14 any cost-sharing requirements arising from unforeseen
15 circumstances from the comparable health care services if the
16 requirement is disclosed to a covered person in the covered
17 person's health benefit plan.

18 The bill requires a health care provider to provide a
19 covered person's health carrier with all treatment information
20 necessary for the covered person to receive a good-faith cost
21 estimate for proposed nonemergency health care services from
22 the covered person's health carrier. The health care provider
23 must also disclose all facility fees or other costs that may
24 be assessed to the covered person as part of the nonemergency
25 health care services.

26 All health care providers are required to post a sign
27 in an area visible to patients that provides notice of a
28 covered person's right to sufficient detail regarding proposed
29 nonemergency health care services to allow the covered person
30 to get assistance from the covered person's health carrier to
31 compare all costs associated with the proposed nonemergency
32 health care services, a right to the health carrier's cost
33 transparency tools, a right to have access to the covered
34 person's health carrier's comparable health care services
35 incentive program, and a right to select an out-of-network

1 health care provider under certain circumstances.

2 The bill allows a covered person to receive covered health
3 care services from an out-of-network health care provider at
4 a cost less than or equal to the average price that the health
5 carrier has paid all in-network providers for the same health
6 care services for the last consecutive twelve months. The
7 health carrier must allow the covered person to obtain the
8 covered health care services from the out-of-network health
9 care provider at the out-of-network health care provider's
10 price, must apply any payments made by the covered person for
11 the health care services toward the covered person's deductible
12 and out-of-pocket maximum, and must provide an online form
13 for the covered person to submit proof of payment to the
14 out-of-network provider.

15 The bill specifies that an incentive provided by a health
16 carrier is not an administrative expense of the health carrier
17 for a rate filing calculation or a rate filing with the
18 commissioner.

19 The bill requires a health carrier to file an annual report
20 with the commissioner for each of the health carrier's health
21 benefit plans and provide statistics related to participation
22 rates in the program, the number and average amount of
23 incentives paid out for each comparable health care services
24 category, the health carrier's cost savings for each comparable
25 health care services category, and the out-of-network
26 nonemergency health care services elected by covered persons.

27 The bill requires the commissioner to adopt rules to
28 administer the requirements of the bill.

29 The bill applies to third-party payment provider contracts,
30 policies, or plans delivered, issued for delivery, continued,
31 or renewed in this state on or after January 1, 2019, including
32 individual or group accident and sickness insurance providing
33 coverage on an expense-incurred basis, an individual or group
34 hospital or medical service contract issued pursuant to Code
35 chapter 509, 514, or 514A, an individual or group health

1 maintenance organization contract regulated under Code chapter
2 514B, and a plan established for public employees pursuant to
3 Code chapter 509A.

4 The bill does not apply to accident-only, specified disease,
5 short-term hospital or medical, hospital confinement indemnity,
6 credit, dental, vision, Medicare supplement, long-term care,
7 basic hospital and medical-surgical expense coverage as defined
8 by the commissioner, disability income insurance coverage,
9 coverage issued as a supplement to liability insurance,
10 workers' compensation or similar insurance, or automobile
11 medical payment insurance.