



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 275 of the 131st G.A.
(L_131_1094-5)

Date: May 19, 2016

Status: In House Insurance

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: Regarding limitations imposed by health insurers on vision care services

State Fiscal Highlights

- The bill may minimally increase the Department of Insurance's administrative costs related to regulating health care contracts, including vision insurance contracts. Any increase in such costs would be paid from the Department of Insurance Operating Fund (Fund 5540). The Superintendent of Insurance may also impose fines and penalties for violations related to vision insurance contracts. Any fines and penalties collected would also be deposited into Fund 5540.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill imposes specified disclosure requirements on health insurers and, under specified circumstances, vision care providers, and makes changes to the law governing contracts between health insurers and vision care providers. The disclosure requirements primarily involve disclosing to consumers the costs of services not covered by the insurer and any business interest that either the health insurer or the vision care provider has in a source or supplier of vision care materials. The bill prohibits contracts between health insurers and vision care providers from including specified types of provisions, which generally impose restrictions on vision care providers. Among the prohibited contract elements are requirements that (1) a vision care provider accept specified amounts as payment for services that the insurer does not cover and (2) a vision care provider participate in a health care contract as a condition of participating in any other health care contract. The health insurers affected by the bill include health insuring corporations, sickness and accident insurers, multiple employer welfare arrangements, and public employee benefit plans. A pattern of continuous or

repeated violations of any provision of the bill is considered an unfair and deceptive act or practice in the business of insurance, along with other practices classified as such under existing law.

The bill also specifies the General Assembly's intent and findings related to vision care services.

Fiscal effect

The bill would have no direct fiscal impact on the state and local governments' health benefit plans. The bill may minimally increase the Department of Insurance's administrative costs related to regulating health care contracts, including vision care contracts. Any increase in such costs would be paid from the Department of Insurance Operating Fund (Fund 5540). Under existing law, the Superintendent of Insurance may also impose fines and penalties for committing unfair or deceptive acts in the business of insurance. Any fines and penalties collected for such violations would also be deposited into Fund 5540. Potential revenue from the newly specified unfair or deceptive acts may help to offset any increase in such costs.

The bill may have indirect fiscal effects that would affect the costs for the state and local governments to provide health benefits to employees and their dependents. The requirements that the bill prohibits in contracts between health insurers and vision care providers may be tools used by some insurers to manage the cost of providing vision care to enrollees. If that is the case the employers in question (i.e., the state or a local government employer) may experience an increase in cost to provide vision care benefits, and health benefits more generally. LSC does not have an estimate of the potential magnitude of such indirect costs due to lack of data on the prevalence of using such tools; also the tools may affect the negotiating power of the two parties to the contract, and LSC does not know of a reliable way to project the resulting outcomes of negotiations.

Synopsis of fiscal effect

The sub bill (L_131_1094-5) prohibits elements of contracts between health insurers and vision care providers that are substantially the same as in the As Introduced bill, but adds disclosure requirements, and removes prohibitions against insurers limiting or influencing an insured's choice of sources and suppliers of vision care materials. The fiscal effects of the sub bill are essentially the same as the fiscal effects of the As Introduced bill.