OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 156 of the 132nd G.A. **Status:** As Reported by House Insurance

Sponsor: Rep. Schuring **Local Impact Statement Procedure Required:** No

Subject: 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.
- The bill may minimally increase administrative costs for the State Vision Professionals Board due to the provision permitting the Board to impose sanctions on a vision care provider for a pattern of violations of the price and reimbursement disclosure requirements. Any increase in such costs would be paid from the Board's appropriation item 129609, Operating Expenses (Fund 4K90). Any increase in such costs may be offset by any fines and penalties collected by the boards.
- The bill may minimally increase administrative costs for the State Medical Board due to a provision comparable to the one in the preceding bullet. Any such costs would be paid from the Board's appropriation item 883609, Operating Expenses (Fund 5C60).

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 any business interest that the health insurer has in a source or supplier of vision care materials, an explanation that the enrollee may incur out-of-pocket expenses as a result of the purchase of vision care services or vision care materials that are not covered vision services. 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 that the State Vision Professionals Board and the State Medical Board are permitted to impose sanctions on a vision care provider[1] for a pattern of continuous or repeated violations of the bill's provisions associated with the price and reimbursement disclosure requirements.

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, (2) a vision care provider participate in a plan offering supplemental or specialty health care services as a condition of participating in a plan offering basic health care services, and (3) directly limit a vision care provider's choice of sources and suppliers of vision care materials.[2] The bill also specifies that any contract between a provider and a contracting entity must not be contingent on whether the provider has entered into an agreement addressing noncovered vision services.

The health insurers affected by the bill include health insuring corporations, sickness and accident insurers, multiple employer welfare arrangements, and public employee benefit plans.

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

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[1] The permitted sanctions include not issuing a license, or suspending or revoking a license, to an optometrist, in the case of the State Vision Professionals Board, or a physician in the case of the State Medical Board.

[2] In addition, the bill prohibits such contracts from including a provision that prohibits a vision care provider from describing out-of-network options to an enrollee. Separately, the bill requires a vision care provider recommending an out-of-network source or supplier of vision care materials to an enrollee to notify the enrollee in writing that the source or supplier is out-of-network and to inform the enrollee of the cost of those materials. The provider must also disclose in writing to an enrollee any business interest the provider has in a recommended out-of-network source or supplier.

Fiscal effect

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 minimally increase administrative costs for both of the regulatory boards. Any increase in costs for the State Vision Professionals Board would be paid from the Board's appropriation item 129609, Operating Expenses (Fund 4K90). Any increase in costs for the State Medical Board would be paid from appropriation item 883609, Operating Expenses (Fund 5C60). Any increase in such costs, for either board, may be offset by any fines and penalties that they collect.

The bill would have no direct fiscal impact on the state and local governments' health benefit plans. 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.

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