Colorado Legislative Council Staff Fiscal Note

STATE
FISCAL IMPACT

Drafting Number: LLS 12-0535	**Date:**	February 20, 2012
Prime Sponsor(s): Rep. Kefalas	**Bill Status:**	House SVMA
Sen. Boyd	**Fiscal Analyst:**	Clare Pramuk (303-866-2677)

TITLE: CONCERNING TRANSPARENCY IN THE DELIVERY OF HEALTH CARE SERVICES.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: January 1, 2013, if no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill requires health care practitioners to disclose to patients seeking outpatient care or treatment their rights to receive notice of the nondiscounted charge for any frequently performed outpatient procedure prior to scheduling the care or treatment. This disclosure is not required for emergency care or treatment.

The bill defines a third-party administrator (TPA) as a person who conducts utilization management and review, provider credentialing, administration of health insurance benefits, setting or negotiation of reimbursement rates, payment to providers, network development, or disease management programs. Insurance companies are required to disclose to policyholders when they contract with a TPA. This disclosure must include the TPA's identity and the relationship among the TPA, the policyholder, and the insurance company and the amount paid to the TPA. TPAs are prohibited from altering a health care provider's charges or adding charges to any of the insurance claims submitted by a health care provider.

Finally, the bill makes a technical correction in changing the term "intermediary" to "third-party administrator."

State Expenditures

The Division of Insurance in the Department of Regulatory Agencies will update its rules as appropriate during its regular rulemaking process. This is not expected to increase expenditures for the division.

Departments Contacted

Regulatory Agencies