



**Colorado
Legislative
Council
Staff**

HB17-1173

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0841
Prime Sponsor(s): Rep. Hansen
Sen. Neville T.

Date: February 17, 2017
Bill Status: House Health, Insurance, and
Environment
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: HEALTH CARE PROVIDERS & CARRIERS CONTRACTS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
Cash Funds	Potential increase.	
State Expenditures		
General Fund	Minimal workload increase.	
TABOR Impact	Potential increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing potential state revenue increase and minimal workload increase.		

Summary of Legislation

This bill expands the required protections for health care providers in contracts with health insurance carriers by prohibiting a carrier from taking any adverse action against a provider for expressing his or her disagreement with a carrier's decision. The bill defines adverse action to include limiting, restricting, denying, terminating or otherwise conditioning a provider's participation in one or more provider networks, including participation in a narrow network or location within a tiered network.

In addition, the bill states that the contract between carriers and providers must prohibit a carrier from taking any adverse action against a provider due to the provider:

- communicating with public officials or others about public policy issues relating to health care items or services;
- filing a complaint or making a report to a governmental agency about policies or practices of a carrier that negatively impact the quality of, or access to, patient care;
- providing testimony, evidence, opinion, or other public activity in any forum concerning a violation or possible violation of the required contractual provisions;
- reporting violations or possible violation of the law to an appropriate authority; or
- participating in any investigation into a violation or possible violation of the required contractual provisions.

A covered person or provider who is aggrieved by a violation of the required contractual protections by the carrier may seek injunctive relief in court and seek recovery of reasonable court costs and attorney fees.

Background

Under current law, a contract between a health care provider and a health insurance carrier must contain a provision stating that neither the provider nor the carrier is prohibited from protesting or expressing disagreement with a medical decision, policy, or practice of the carrier or provider, and that the carrier cannot terminate the contract with the provider due to the provider's disagreement with a coverage decision by the carrier.

State Revenue

The bill may increase the amount of litigation involving disputes between carriers and providers, which will increase filing fee revenue to various cash funds in the Judicial Department starting in FY 2017-18. It is assumed that any revenue increase will be minimal.

TABOR Impact

This bill may increase state revenue from fees by a minimal amount, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increase the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

State Expenditures

The bill may increase the amount of litigation involving disputes between carriers and providers, which will increase workload in the trial courts in the Judicial Department. While the potential caseload change cannot be predicted, it is assumed that it will be minimal and that the trial courts can accomplish any workload increase within existing appropriations.

While the Division of Insurance in the Department of Regulatory Agencies does not regulate or intervene in contracts between insurance carriers and providers, the division may have a minimal amount of workload to perform outreach to health insurance carriers about the new contract requirements and to respond to inquiries from providers and the public about the changes under the bill. No change in appropriations is required.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Health Care Policy and Financing
Law
Regulatory Agencies

Judicial
Personnel and Administration