



**Colorado  
Legislative  
Council  
Staff**

**HB17-1173**

**FINAL  
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:** June 8, 2017  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**BILL TOPIC:** HEALTH CARE PROVIDERS & CARRIERS CONTRACTS

<b>Fiscal Impact Summary</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
<b>State Revenue</b>		
Cash Funds	Potential increase.	
<b>State Expenditures</b>		
General Fund	Minimal workload increase.	
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> 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, who, acting in good faith, expresses his or her disagreement with a carrier's decision. The bill defines adverse action to include 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 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. If the court determines that the action was frivolous, it may award costs to the defendant.

**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.

**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 was signed into law by the Governor on April 6, 2017. It takes effect July 1, 2017, and applies to contracts entered or renewed after this date.

**State and Local Government Contacts**

Health Care Policy and Financing  
Law  
Regulatory Agencies

Judicial  
Personnel