

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6793**

**BILL NUMBER:** HB 1117

**NOTE PREPARED:** Jan 1, 2022

**BILL AMENDED:**

**SUBJECT:** Health Provider Contracts.

**FIRST AUTHOR:** Rep. Schaibley

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill makes various changes to the provisions that are prohibited in a health provider contract. The bill also allows the insurance commissioner to grant a waiver to allow certain prohibited provisions in a health provider contract if certain conditions are met. It establishes enforcement provisions by the Attorney General, insurance commissioner, and persons who have suffered a loss due to a violation.

**Effective Date:** July 1, 2022.

**Explanation of State Expenditures:** The bill broadens the number of contracts that may be subject to review by the Department of Insurance (DOI) by adding all types of health providers, rather than physicians alone. It also defines and prohibits anticompetitive contract clauses that may be subject to waiver or action by the DOI or referred to the Attorney General. The addition of providers, the potential complexity of investigating anticompetitive acts, and the additional of administrative processes to issue waivers represent an additional workload [and/or expenditure] outside of the DOI's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions. [The DOI is funded through a dedicated agency fund.]

The impact on the workload of the Attorney General is indeterminate and may depend on the number of contracts referred for review.

**Explanation of State Revenues:** *Prohibited Clause Violations:* A person may pursue an action if they suffered a loss as the result of a violation, which could increase the number of civil actions. A civil costs fee of \$100 would be assessed when a civil case is filed. A portion of the fee revenue is deposited into the State User Fee Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of

The insurance commissioner may take administrative actions that will impact revenue to the state General Fund and tax revenue. The penalty for violations concerning prohibited health provider contract clauses is a fine of up to \$5,000 for each day the prohibited clause is in effect. Prohibiting the sale of a health insurance plan with a prohibited clause decrease premiums overall, reducing revenues to the state General Fund from either adjusted gross income tax or insurance premium tax collections.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur and court fees are collected, local governments would receive additional revenue from both a portion of the civil costs fee and other fees that would be collected.

**State Agencies Affected:** Department of Insurance; Attorney General.

**Local Agencies Affected:** Trial courts, city and town courts.

**Information Sources:**

**Fiscal Analyst:** Karen Rossen, 317-234-2106.