



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 225

PRINTERS NO. 2004

PRIME SPONSOR: Phillips-Hill

### COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	See Fiscal Impact	

### SUMMARY:

Senate Bill 225 amends the Insurance Company Law concerning quality health care accountability and protection. Effective dates vary by provision.

### ANALYSIS:

Article 21 of the Insurance Company Law concerns quality health care accountability and protection. The article addresses a wide range of issues affecting the relationships between managed care plans and their enrollees and the plans and their network providers. The article also provides direction concerning the coverage of, and payment for, emergency services by managed care plans; the utilization review and appeals process; the right to receive continuous care from a non-participating provider under certain circumstances; and the prompt payment of claims.

Senate Bill 225 amends Article 21 to provide for prior authorization. Prior authorization is the process health insurers, Children's Health Insurance Program (CHIP) managed care plans, and Medical Assistance (MA) managed care plans use to grant pre-approval for certain health care services as a condition of payment.

### FISCAL IMPACT:

The Insurance Department advises that the fiscal impact of this legislation will be minimal and can be absorbed within the Department's current budget.

The Department of Human Services has not indicated that enactment of this legislation will have a direct fiscal impact on the Department. This legislation will not create additional services for the Children's Health Insurance Program (CHIP) or Medical Assistance. However, it would change standards for the complaint and grievance processes in CHIP and the HealthChoices programs. These changes could create increased administrative costs for CHIP insurers and Medical Assistance Managed Care Organizations. The Department of Human Services may have to increase rates during future negotiations to the extent that the CHIP and HealthChoices programs are not able to accommodate the increased administrative tasks within their current workforce and payment structure.

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House Appropriations Committee (R)

**DATE:** October 26, 2022

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*