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FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 3/11/03 HB _____

SHORT TITLE: Employee Access to Insurance Information SB 829

ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			NFI		

SOURCES OF INFORMATION

Responses Received From

Attorney General's Office (AGO)
 Health Policy Commission (HPC)
 Department of Health (DOH)
 Retiree Health Care Authority (RHCA)
 Public School Insurance Authority (PSIA)
 Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 829 requires the disclosure of claim, utilization, and loss experience information concerning health care insurance to an employer. The provisions of this bill do not apply to small insured groups with fewer than twenty-five employees, or ERISA regulated employee benefit plans.

Significant Issues

SB 829 appears to increase the accountability of insurance carriers to purchasers of their services by providing access to aggregate claims loss and claims management data.

The AGO states SB 829 does not clearly protect the confidentiality of patient identifiable health care and health status information. Traditionally, this has been a matter of contract negotiation

between health insurance companies and their group customers with the group customer free to seek coverage elsewhere when health insurance companies fail to provide adequate utilization information.

OTHER SUBSTANTIVE ISSUES

The HPC provided the following information:

Employer Issues

- The substance of the bill is that large employers may want access to clustered or grouped data, which protects confidentiality of individual employers.
- Employers have legitimate concerns about the rising incidence of health care claim overpayments and fraud.
- Employers can use claims information to help determine trends in the health care needs of their employees, and to make decisions about benefit package design, etc., that are proactively responsive to their firm's specific needs.
- In various industries, especially mining and any extractive industry, the occupational medicine professionals could use the data to study the utilization patterns of the employees, study the underlying clinical and potentially pathological conditions that the employees may be exposed to. Without controlled clinical studies, the next best thing is utilization data. Safety professionals especially would want the data to make recommendations for workers compensation practices.
- The utilization and claims experience data could also be used by health underwriters to make recommendations about access to care. (E.g. if everyone is utilizing an emergency room versus seeing their primary doctor, the care is not only more expensive, it is not comprehensive or providing any sort of continuity). Poor health outcomes might be the result, besides more employee dollars going for health insurance premiums versus take home pay.
- Pharmacy benefits managers could also use the data to review antibiotic utilization for clinical effectiveness, prescribing patterns of physicians, and costs. Very important benefits could come as a result of seeing unusual patterns of drug use.
- Audits of bills from hospitals, doctors and other providers can also be done with the claims data to make comparisons and to ask questions about correctness of billing, proper discounting if the employer has a PPO type of contract and potentially maybe recovery of overpayments.

Employee privacy

The 1996 Health Insurance and Portability and Accountability Act (HIPAA) mandated the development of Federal privacy protection law and/or regulations to be adopted by the U.S. Department of Health and Human Services. The regulations were confirmed by the Secretary of Health and Human Services in April 2001. The compliance date is April

14, 2003.

Patients in all 50 states will have privacy protection as well as access to their own records.

The New Mexico Health Policy Commission's HIPAA Awareness and Preparedness Program reported in September 2002:

The HIPAA Privacy Standard establishes new rights for patient to control the uses and disclosures of their protected health information.

The HIPAA privacy Standard mandates new obligations on the part of those who store and transmit that information to keep it protected.

The Privacy Standards under HIPAA are the following:

- Limit the use and release of private health information without patient authorization.
- Provide patients with new rights to access their medical records and know who else has accessed them. The privacy regulation gives patients and consumers new rights to monitor their medical information.
- Restrict most disclosures of health information to the minimum needed for the intended purpose. With a few exceptions, a person's health information should be used for health purposes only.
- Establish criminal and civil liability for improper use or disclosure of protected health information.
- Establish new requirements for access to records by researchers and others. The privacy standards recognize the responsibility to balance privacy protections and public responsibility to support priorities such as conducting medical research, improving the quality and efficiency of care and fighting health care fraud and abuse.

DW/yr