



OHIO LEGISLATIVE SERVICE COMMISSION

Thomas Kilbane

Fiscal Note & Local Impact Statement

Bill: S.B. 87 of the 132nd G.A.

Status: As Introduced

Sponsor: Sens. Hackett and Huffman

Local Impact Statement Procedure Required: No

Subject: Prohibits a health insurer from requiring a fee schedule for noncovered dental services

State and Local Fiscal Highlights

- Possible minimal increases to the Department of Insurance's administrative costs related to regulating dental services health care contracts and fine and penalty revenue for violations related to health care contracts. Administrative costs are paid from the Department of Insurance Operating Fund (Fund 5540) and fine and penalty revenue is deposited into the same fund.
- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill prohibits any contracting entity from controlling the fee a dental provider may charge for dental services that are not covered by the health care contract, and adds such a practice to a list of unfair and deceptive acts or practices in the business of insurance. At least 39 other states have enacted similar laws, according to the American Dental Association. In 2015, similar legislation was introduced in Congress as the "DOC Access Act," but did not make it through a House committee.

The bill would likely not affect the direct costs to state and local governments of providing health benefits to employees and their dependents since the bill serves to regulate only services which are not covered by insurance. There may possibly be some indirect costs associated with the dynamic effects of this regulation in the dental care marketplace. Theoretically, removing caps on fees for noncovered services would make dental coverage less valuable to individuals, and network participation more attractive to dental care providers. However, there is a lack of ex-post analysis of similar bills enacted in other states in the past, and it is unclear how the aggregate of these possible indirect effects of this bill may alter future health care costs for public employees as the result of premium adjustments or other changes.

The Superintendent of Insurance is allowed to conduct investigations related to the regulation and enforcement of health care contracts, and assess costs of the examination against the examined entity. This bill could conceivably add minimal costs and offsetting revenue of this nature. General administrative costs are paid from the

Department of Insurance Operating Fund (Fund 5540), and examination costs and offsetting reimbursements from the examined party are transacted from the Superintendent's Examination Fund (Fund 5550). The Superintendent may impose fines and penalties for any violation of unfair or deceptive practices in the business of insurance. Penalties may include an assessment for half of the Department's costs of any investigation, up to \$100,000, and a penalty of up to \$3,500 per violation, not to exceed \$35,000 in any six-month period.¹ Violations related to the provision in this bill could add to such revenue, which would be paid to the credit of Fund 5540.

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¹ R.C. 3901.22.