



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: S.B. 227 of the 132nd G.A.

Status: As Reported by Senate Insurance & Financial Institutions

Sponsor: Sen. Huffman

Local Impact Statement Procedure Required: No

Subject: To require health plan issuers to release certain claim information to group plan policyholders

State & Local Fiscal Highlights

- The bill may minimally increase the Department of Insurance's administrative costs related to regulating health insurers. Any increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The bill specifies that a health plan issuer that fails to comply with the bill's requirements is deemed to have engaged in an unfair and deceptive act or practice in the business of insurance, which carries civil penalties. Any revenue from the penalties would depend on health issuers' compliance with the requirement. Any revenue from the penalties would be deposited into Fund 5540.
- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill requires health plan issuers, upon request, to release to each group policyholder or its authorized representative certain claims data within 14 business days of receipt of the request. The requirement begins on January 1, 2019. The bill also specifies the type of data that must be disclosed to such requestor. The bill specifies that a health plan issuer that discloses the requested data may condition any such disclosure upon the execution of an agreement with the policyholder absolving the health plan issuer from civil liability related to the use of such data.¹ The bill also specifies that a health plan issuer that fails to comply with this requirement is deemed to have engaged in an unfair and deceptive act or practice in the business of insurance and is subject to sections 3901.19 to 3901.26 of the Revised Code.

¹ The bill specifies that (1) a health plan issuer is immune from civil liability for any acts or omissions of any person's subsequent use of such data, and (2) the bill's disclosure requirement should not be construed as authorizing the disclosure of the identity of a particular individual covered under the group policy, nor the disclosure of any covered individual's particular health insurance information which would violate federal or state law.

Under the bill, "health plan issuer" has the same meaning as in section 3922.01 of the Revised Code. Thus, the bill would apply to a sickness and accident insurance company, a health insuring corporation, a fraternal benefit society, a self-funded multiple employer welfare arrangement, or a nonfederal government health plan. The bill would also apply to a third-party administrator licensed under Chapter 3959. of the Revised Code, which includes pharmacy benefit managers.

Fiscal effect

The bill may minimally increase the Department of Insurance's administrative costs for regulating health insurers. Any increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540). Any civil penalties that may arise from failure to comply with the bill's requirements, the amount of revenue from which would depend on health issuers' compliance with the requirement, would be deposited into Fund 5540. The bill has no direct fiscal effect on political subdivisions.

The bill's disclosure requirement may increase health insurers' administrative costs. LSC staff are uncertain about the magnitude of any such increases, particularly in light of the requirement that disclosure take place within 14 days and the bill's lack of restrictions on the number or frequency of requests. Though some portion of any such cost increases might be passed through to the plan sponsors, LSC staff generally treat such a pass-through of purely administrative costs as an indirect fiscal effect.