

PURPOSE OF SB 119

To clarify payment for healthcare services performed by certain outpatient surgery centers.

ACTUARIAL STATEMENT

The Fiscal Impact Statement was prepared according to generally accepted actuarial principles and practices, in compliance with ACT 112. The Statement provides an estimate of the financial and actuarial effect of the proposed change(s) on the Plans, if possible. The Statement makes no comment or opinion with regard to the merits of the measure for which the Statement is prepared; however, any identified technical or mechanical defects have been noted.

We have reviewed the input and results of our analysis for reasonableness and relied upon the data and information provided by the Plans and their Claims Processing Contractors.

A handwritten signature in black ink, appearing to read "Patrick Klein".

3/13/2023

Patrick Klein, FSA, MAAA
Vice President

Date

A handwritten signature in black ink, appearing to read "Matthew Kersting".

3/13/2023

Matthew Kersting, FSA, MAAA
Vice President

Date

PROJECTED COSTS

Plan	Annual Estimated Cost	Estimated Cost as a Percent of Total Annual Medical Spend
EBD	\$2,795,000	0.6%
UOA	\$758,000	0.7%
ASU	\$98,000	0.5%
UCA	\$64,000	0.7%
AHEC	\$28,000	0.7%
NWACC	\$16,000	0.6%
SAU	\$18,000	0.8%

PRICING APPROACH AND COMMENTS

Senate Bill 119 requires self-insured health plans to reimburse providers for services provided at outpatient surgery centers at least 90% of what would be paid for that same healthcare service performed at an outpatient hospital setting, within the same county as where the outpatient surgery center is located.

In the absence of plan specific utilization to develop the cost impact for the plans, we relied on statewide claims and utilization data from Segal's internal data warehouse. We analyzed the cost and frequency of procedures performed in an outpatient hospital setting compared to those same procedures performed in an outpatient surgery center setting.

The cost for procedures performed in an outpatient hospital setting is generally greater than those same procedures performed in an outpatient surgery center setting. Reimbursing outpatient surgery center procedures at a level of at least 90% of what would be paid in an outpatient hospital setting resulted in an expected increase of \$22 per member to the plans after applying member cost sharing.

Actual legislative cost impacts to health plans may vary as actual future experience differs from the assumptions made in developing these cost estimates. Potential for actual experience to vary from the assumptions made in these estimates includes underlying changes to the cost of procedures in outpatient hospital and outpatient surgery center settings, changes in the utilization of procedures at these settings, and regional changes in the cost of medical procedures for each plan.