



**Colorado
Legislative
Council
Staff**

HB17-1173

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0841

Date: June 8, 2017

Prime Sponsor(s): Rep. Hansen

Bill Status: Signed into Law

Sen. Neville T.

Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: HEALTH CARE PROVIDERS & CARRIERS CONTRACTS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue Cash Funds		Potential increase.
State Expenditures General Fund		Minimal workload increase.
Appropriation Required: None.		
Future Year Impacts: Ongoing potential state revenue increase and minimal workload increase.		

Summary of Legislation

This bill expands the required protections for health care providers in contracts with health insurance carriers by prohibiting a carrier from taking any adverse action against a provider, who, acting in good faith, expresses his or her disagreement with a carrier's decision. The bill defines adverse action to include denying, terminating or otherwise conditioning a provider's participation in one or more provider networks, including participation in a narrow network or location within a tiered network.

In addition, the bill states that the contract between carriers and providers must prohibit a carrier from taking any adverse action against a provider due to the provider:

- communicating with public officials or others about public policy issues relating to health care items or services;
- filing a complaint or making a report to a governmental agency about policies or practices of a carrier that negatively impact the quality of, or access to, patient care;
- providing testimony, evidence, opinion, or other public activity in any forum concerning a violation or possible violation of the required contractual provisions;
- reporting violations or possible violation of the law to an appropriate authority; or
- participating in any investigation into a violation or possible violation of the required contractual provisions.

A provider who is aggrieved by a violation of the required contractual protections by the carrier may seek injunctive relief in court and seek recovery of reasonable court costs. If the court determines that the action was frivolous, it may award costs to the defendant.

Background

Under current law, a contract between a health care provider and a health insurance carrier must contain a provision stating that neither the provider nor the carrier is prohibited from protesting or expressing disagreement with a medical decision, policy, or practice of the carrier or provider, and that the carrier cannot terminate the contract with the provider due to the provider's disagreement with a coverage decision by the carrier.

State Revenue

The bill may increase the amount of litigation involving disputes between carriers and providers, which will increase filing fee revenue to various cash funds in the Judicial Department starting in FY 2017-18. It is assumed that any revenue increase will be minimal.

State Expenditures

The bill may increase the amount of litigation involving disputes between carriers and providers, which will increase workload in the trial courts in the Judicial Department. While the potential caseload change cannot be predicted, it is assumed that it will be minimal and that the trial courts can accomplish any workload increase within existing appropriations.

While the Division of Insurance in the Department of Regulatory Agencies does not regulate or intervene in contracts between insurance carriers and providers, the division may have a minimal amount of workload to perform outreach to health insurance carriers about the new contract requirements and to respond to inquiries from providers and the public about the changes under the bill. No change in appropriations is required.

Effective Date

The bill was signed into law by the Governor on April 6, 2017. It takes effect July 1, 2017, and applies to contracts entered or renewed after this date.

State and Local Government Contacts

Health Care Policy and Financing
Law
Regulatory Agencies

Judicial
Personnel