

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 932 (First Edition)

SHORT TITLE: HMO Operations

SPONSOR(S): Senator Perdue

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES		0	0	0	0
EXPENDITURES	\$49,322	\$49,322	\$49,322	\$49,322	\$49,322
POSITIONS:	1	1	1	1	1
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance					
EFFECTIVE DATE: October 1, 1997					

BILL SUMMARY: Adds new GS 58-67-11 to require HMO application to include description of (1) program to be used to evaluate whether applicant's provider network is sufficient, in numbers and types of providers, to assure that all health care services will be accessible without unreasonable delay; (2) program to be used for verifying provider credentials; (3) quality management program to assure quality of care and health care services managed and provided through health care plan; (4) utilization review program for review and control of health care services provided or paid for; and (5) applicant's provider network and evidence of ability of that network to provide all health care services to applicant's prospective enrollees. Amends GS 58-67-50(e) to provide that beginning with 1998 calendar year, every HMO must provide cost, use of service, prevention, outcomes, and other data as collected under latest edition of Health Plan Employer Data and Information Set (HEDIS) guidelines or under different format, if Comm'r of Insurance considers a different format to be more useful. Beginning with data for 1998 calendar year, every HMO must file with Dep't of Insurance, not later than July 1 of following calendar year, a report on its costs, use of services, etc. in HEDIS format or format prescribed by Comm'r. Amends GS 58-67-140 to provide that Comm'r may suspend, revoke, or refuse to

renew HMO license if HMO has knowingly published or made to Dep't or to public any false statement or report, including report or data that serves as basis for any report required to be submitted under GS 58-67-50(e) (minimum cost and utilization information).¹

ASSUMPTIONS AND METHODOLOGY: Insurance Department states that increased responsibilities will require hiring one additional person, at an annualized cost of \$49,322. Assumes that this person will continue to be needed in future years.

TECHNICAL CONSIDERATIONS: One additional employee can discharge all additional responsibilities required by Senate Bills 932, 933, 934, and 935.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: William L. Spencer

APPROVED BY: Tom Covington **TomC**

DATE:



Signed Copy Located in the NCGA Principal Clerk's Offices

¹ Legislative Reporting Service, Institute of Government: "Daily Bulletin," Vol. 1997, No. 46, p. 9.