

**State Corporation Commission
2025 General Assembly Session
State Fiscal Impact Statement**

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ENROLLED

Bill Number: SB774 ER **Patron:** Surovell
Bill Title: Essential health benefits benchmark plan review; stakeholder work group.

Bill Summary: Requires that the stakeholder work group convened by the Bureau of Insurance of the State Corporation Commission for the essential health benefits (EHB) benchmark plan review consist of members who possess demonstrated and acknowledged expertise in health benefit plan design, actuarial science, population health, patient advocacy, or advocating for or assisting enrollees in individual or small group health coverage.

The bill requires the work group to consider factors including (i) coverage denial rates of benefits that are not covered under the current benchmark plan; (ii) the utilization of mandated benefits; (iii) the projected impact of a proposed mandate on the prevalence of medical need, the urgency of such medical need, and any disproportionate disease burden borne by different subpopulations; (iv) the projected cost of each proposed mandate; and (v) other data as determined by the work group. This bill is a recommendation of the Health Insurance Reform Commission.

Budget Amendment Necessary: No. **Items Impacted:** Item 475, Line 12

Explanation: Because the fiscal impact of SB774 does not begin until FY2027, a budget amendment is not needed for the current budget bill.

Fiscal Summary: The Bureau of Insurance (BOI) does not currently have data or ready access to data about coverage denial rates of benefits not currently covered under the current EHB benchmark plan. BOI would have to develop, distribute, and analyze data calls to health carriers to be able to provide the coverage denial rates to the stakeholder work group. The total fiscal impact is projected to be \$51,245.

General Fund Expenditure Impact: None.

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
SCC			\$20,450	\$15,245	\$15,550	
TOTAL			\$20,450	\$15,245	\$15,550	

Position Impact: None.

Fiscal Analysis: The Bureau of Insurance does not currently have data or ready access to data about coverage denial rates of benefits not currently covered under the current EHB benchmark plan. BOI would have to

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develop, distribute, and analyze data calls to health carriers to be able to provide the coverage denial rates to the stakeholder work group. Subject matter experts within BOI determined that 3 years' worth of data would be the minimum amount necessary to validate claims denial data from carriers. Since the next stakeholder work group meets in calendar year (CY) 2029, a data call would be issued in CY2026, CY2027, and CY2028 for data to be analyzed and shared with the work group membership. There is a higher cost to development, distribute, and analyze of the data call in its first year, since there is no comparable data call BOI already conducts.

BOI is estimating it would take 160 hours in year 1 (\$20,450) and 120 hours in years 2 (\$15,245) and year 3 (\$15,550). The estimated hours and associated expenses are based on BOI's historical experience in conducting data calls; these expenses reflect the hourly rate of a data chief (40 hours in year 1, 0 hours in subsequent years), two data analysts (80 hours each every year), and one policy advisor (40 hours every year), along with a multiplier to capture fringe benefits and overhead costs. Since these data calls would not begin until FY2027, a 2% annual inflationary rate has been assumed and is reflected in the fiscal impact. The total fiscal impact is projected to be \$51,245.

Other: None.