

**LOCAL GOVERNMENT  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 29, 2017

Agency Submitting: Local Government

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>	<b>Effect on Future Biennia</b>
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses  
**S.B. 289 / BDR 57 - 675**

City/County: <b>Carson City</b>				
Approved by: Nancy Paulson, CFO				
Comment: Has a fiscal impact to Carson City but the amount can't be determined at this time.				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: <b>Churchill County</b>				
Approved by: Eleanor Lockwood, County Manager				
Comment: If BDR 57-675 were to pass, insurance companies would be required to provide out of network benefits and it would require the out-of-network providers to accept the insurance reimbursement as payment in full for services provided. This bill stipulates that the insurer must pay the full amount billed by the physician or the 80th percentile for the service. It also grants the insurer a procedure to recover from the patient any copayment, deductible, or coinsurance payments. It appears that the insurance company would pay the medical provider the full amount due and then the insurance company (instead of the doctor) would go after the patient (the insured) for the patient's portion. As an example, for an out-of-network surgery, the patient's portion may be 40%. The insurance company would have to front the money and then collect the 40% from the patient. (It appears to be a way for doctor's to ensure they receive a higher payout for services and then not have to worry about billing their patients, leaving that up to the insurance companies.) Churchill County believes this could have a significant impact on insurance premiums, that is if insurers even wanted to cover people living in Nevada if this bill were to pass. Requiring insurance companies to increase their coverage, pay out-of-network providers and take on patient billing would likely dismantle the functioning of insurance companies in Nevada. If there were companies who did offer services in our State, the cost would be significantly higher than it is now. Increased regulations and added costs to the insurance companies, mean they will pass these costs along in the form of higher premiums. This bill would have significant fiscal impacts to Churchill County and our State.				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: **Clark County**

Approved by: David Dobrzynski, Asst Director of Finance

Comment: This bill would require insurers who offer health coverage through a network plan to provide for the reimbursement of services provided by an out-of-network physician. The insurer would have to pay the lesser of the amount billed by the physician or 80 percent of the reasonable and customary amount for the service in the geographic area where it was received. The physician will be required to accept this as payment in full. This bill would be effective January 1, 2018.

This bill would also take away the Plan's ability to negotiate with out-of-network providers in an attempt to reduce the bill charged at the benefit of the Plan and the member. Additionally, there would no longer be incentive for providers to contract with the Plan to provide services at discounted rates, because they would receive more as an out-of-network physician.

In 2016, out-of-network bill charges for the Self-Funded Plan reached \$761,000, of which the plan paid nearly \$287,000. Had this bill been in effect, the Plan would have had to pay an additional cost of up to \$474,000. Adjusting for inflation and the increasing cost of health care, it is estimated this bill would result in additional costs to the Plan of \$261,500 in the second half of FY2018 and \$536,000 in FY2019.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$261,500	\$536,000	\$1,104,000

City/County: **Esmeralda County**

Approved by: Karen Scott, Auditor/Recorder

Comment: No Impact

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
No Impact	\$0	\$0	\$0	\$0

City/County: **Washoe County**

Approved by: Jamie Rodriguez, Management Analyst

Comment: This could result in an increase to our insurance premiums for \$24,000-\$123,000 annually.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: **White Pine County**

Approved by: Elizabeth Frances, Finance Director

Comment: This will eliminate bargaining power to contain health insurance costs which are spiraling out of control. A provider of health services will not bother with contracts if they can get 80% of the amount for their geographic area. Health insurance renewals, even with restructuring of benefits, has seen double digit inflation annually for the past several years. The County is currently looking at a potential 20% to 25% increase in rates this year alone. Adding this will provide no incentive for contracting or for employees to stay in-network. A reasonable estimate would be a minimum increase of 10% annually. The County cannot afford this - it would result in extreme adverse impact.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$73,998	\$155,185	\$358,479

City/County: **City of Las Vegas**

Approved by: Michelle Thackston, Administrative Assistant

Comment: We believe the bill is not applicable to the City of Las Vegas, however it may have a fiscal impact because of the gyrations the insurer may have to go through to have out-of-network providers accept the terms of contract affected by this change, leading to higher premiums. Plus reimbursements to out-of-network providers may be higher as provider will no longer be able to balance bill the insured.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Reno**

Approved by: Tillery Williams , Management Analyst

Comment: Fiscal impact cannot be determined at this time.

This bill, as written, would likely cause an increase in health premiums because the bill does not encourage physician groups to negotiate the lowest rates for the captive audience. However, the City is not able to provide an estimate of any potential increased costs at this time.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Sparks**

Approved by: Jeff Cronk, Financial Services Director

Comment: A major variable that could affect the potential fiscal impact of this bill is the potential shift from in-network utilization to more out-of-network utilization. An actuarial review projected that with no shift in the type of in-network to out-of-network utilization, this bill would increase medical claims costs by about 0.9%. However, if out-of-network utilization increases, as is expected, the annual cost could reach as high as 8.6% of medical claims. This means this bill could increase annual medical claim costs somewhere between the relatively wide range of \$85,000 (0.9% increase) to \$810,000 (8.6% increase) based on City of Sparks claims in 2016.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

School District: **Douglas County School District**

Approved by: KLewis, Director of Human Resources

Comment: This bill would require health plans that provide coverage through a network, to reimburse an out-of-network physician an amount equal to the lesser of the actual billed amount (no adjustments for copayments, deductibles and/or coinsurance) or at the 80th percentile based on the physician's geographic service area (as determined by the State's Insurance Commissioner). The bill consequently requires the health plan to recover any applicable copayments, deductibles and/or coinsurance directly from the covered member. This District currently covers out-of-network physicians at 60% of allowed expenses.

A major variable that could affect the potential fiscal impact of this bill is the potential shift of in-network utilization to higher out-of-network utilization. The differential in in-network vs. out-of-network deductibles and out-of-pocket maximums could also impact this shift as well.

An actuarial review projected that with no shift in in-network vs. out-of-network utilization, this change would increase annual expected total medical claims costs by .9%. (Based on the District's 2016 paid claims, this equates to approximately \$58,000). If the out-of-network utilization were to increase as anticipated, the expected annual cost could reach as high as 8.6% of total medical claims (approximately \$555,000 based on 2016 claims).

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$555,000	\$555,000	\$555,000

School District: <b>Clark County School District</b> Approved by: Dillon Kay, Assistant Budget Director Comment: The change to sections 1, 2, 4, 5, 7, and 10 would have an impact on CCSD. If passed, network insurers costs are expected to increase, in turn, increasing the benefit amounts paid by CCSD. Currently, CCSD experiences little usage of this program.				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

School District: <b>Lyon County School District</b> Approved by: Shawn Heusser, Director of Finance Comment: We would not know the impact of this until we worked with our insurance providers for quotes to implement this change.				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: <b>Pershing County School District</b> Approved by: Russell D. Fecht, Superintendent Comment: No Impact				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
No Impact	\$0	\$0	\$0	\$0

School District: <b>Nye County School District</b> Approved by: Kelly Wood, Executive Secretary Comment: This bill could create a significant fiscal impact for Nye County School District. The district would have to reimburse members for out of network doctors. This could be extremely costly to NCSD.				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

School District: <b>Washoe County School District</b> Approved by: Lindsay E. Anderson, Director of Government Affairs Comment: An actuarial review projected that with no shift in in-network vs. out-of-network utilization, this change would increase annual expected total medical claims costs by .9%. (Based on the District's 2016 paid claims, this equates to approximately \$425,000). If the out-of-network utilization were to increase as anticipated, the expected annual cost could reach as high as 8.6% of total medical claims (approximately \$4,050,000 based on 2016 claims).				
<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$425,000	\$425,000	\$425,000

School District: **White Pine School District**

Approved by: Paul Johnson, CFO

Comment: Health insurance costs would be affected that would affect the District's employer paid health insurance. The impact can not be reasonably estimated at this time.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

**The following cities/counties/school district did not provide a response:** Douglas County, Elko County, Eureka County, Humboldt County, Lander County, Lincoln County, Lyon County, Mineral County, Pershing County, Nye County, Storey County, Boulder City, City of Elko, City of Henderson, City of Mesquite, City of North Las Vegas, Carson City School District, Churchill County School District, Esmeralda County School District, Elko County School District, Humboldt County School District, Eureka County School District, Lander County School District, Lincoln County School District, Mineral County School District, and Storey County School District.