

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1279 Health Insurance Benefits

SPONSOR(S): Yarborough

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Market Reform Subcommittee	13 Y, 0 N	Grabowski	Calamas
2) Appropriations Committee	25 Y, 0 N	Nobles	Pridgeon
3) Health & Human Services Committee	17 Y, 0 N	Grabowski	Calamas

SUMMARY ANALYSIS

The United States is experiencing significant changes in health care payment and delivery. Consumers bear a greater share of health care costs, and more participate in high deductible health plans. Clear, accurate information about the cost and quality of health care is necessary for consumers to select value-based health care.

The Florida Center for Health Information and Transparency (Florida Center) is responsible for collecting, compiling, analyzing and disseminating health related data for the purpose of developing public policy and promoting the transparency of consumer health care information through www.FloridaHealthFinder.gov. The Center is overseen by the Agency for Health Care Administration (AHCA) and provides health care price transparency to both patients and researchers.

In 2019, the Legislature enacted the Patient Savings Act, which allows health insurers and health maintenance organizations (HMOs) to create a shared savings incentive program (Program) to encourage insured individuals to shop for high quality, lower cost health care services and share any savings realized as a result of the insured's choice. The Act provided a range of methods by which a Program may financially reward patients who use shoppable health care services. Patients may receive financial incentives in the form of premium reductions, or deposits into a flexible spending account, health savings account, or health reimbursement account.

HB 1279 amends the Patient Savings Act by increasing the range of services defined as "shoppable" for purposes of earning shared savings incentives under a Program. In addition to the specific services outlined in the Act, the bill extends the "shoppable" service designation to those services identified by the Florida Center as having the most significant price variation at statewide and regional levels. The bill also allows a Program to provide cash or a cash-equivalent reward to a program participant who earns a shared savings incentive.

The bill also requires the Florida Center to publish an annual report identifying health care services with the most significant price variation at statewide and regional levels.

The bill has a negative, but likely insignificant, fiscal impact on AHCA which can be absorbed within existing resources and no fiscal impact on local government.

The bill provides an effective date of January 1, 2021.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Health Care Price Transparency

The United States is experiencing significant changes in health care payment and delivery. Consumers bear a greater share of health care costs, and more participate in high deductible health plans. Clear, factual information about the cost and quality of health care is necessary for consumers to select value-driven health care options and for consumers and providers to be involved in and accountable for decisions about health and health care services. To promote consumer involvement, health care pricing and other data needs to be free, timely, reliable, and reflect individual health care needs and insurance coverage.

Price transparency can refer to the availability of provider-specific information on the price for a specific health care service or set of services to consumers and other interested parties.¹ Price can be defined as an estimate of a consumer's complete cost on a health care service or services that reflects any negotiated discounts; is inclusive of all costs to the consumer associated with a service or services, including hospital, physician, and lab fees; and identifies a consumer's out-of-pocket cost.² Further, price transparency can be considered "readily available information on the price of health care services that, together with other information, helps define the value of those services and enables patients and other care purchasers to identify, compare, and choose providers that offer the desired level of value."³ Indeed, the definition of the price or cost of health care has different meanings depending on who is incurring the cost.⁴

As health care costs continue to rise, most health insurance buyers are asking their consumers to take on a greater share of their costs, increasing both premiums and out-of-pocket expenses. According to the Kaiser Family Foundation, more than one in five Americans with private insurance is enrolled in a high deductible health plan (HDHP). Most covered workers face additional out-of-pocket costs when they use health care services, such as co-payments or coinsurance for physician visits and hospitalizations. Eighty-one percent of covered workers have a general annual deductible for single coverage that must be met before most services are paid for by the plan.⁵

The average deductible amount for single coverage is \$1,573, among covered workers with a general annual deductible.⁶ Deductibles differ by firm size; for workers in plans with a deductible, the average deductible for single coverage is \$2,132 in small firms, compared to \$1,355 for workers in large firms.⁷ Sixty-eight percent of covered workers in small firms are in a plan with a deductible of at least \$1,000 for single coverage compared to 54% in large firms; a similar pattern exists for those in plans with a deductible of at least \$2,000 (42% for small firms vs. 20% for large firms). The chart below shows the percent of workers enrolled in employer-sponsored insurance with an annual deductible of \$1,000 or more for single coverage by employer size for 2009 through 2018.⁸

¹ Government Accounting Office, *Meaningful Price Information is Difficult for Consumers to Obtain Prior to Receiving Care*, September 2011, page 2, available at <http://www.gao.gov/products/GAO-11-791> (last accessed January 23, 2020).

² Id.

³ Healthcare Financial Management Association, *Price Transparency in Health Care: Report from the HFMA Price Transparency Task Force*, page 2, 2014, available at <https://www.hfma.org/Content.aspx?id=22305> (last accessed January 23, 2020).

⁴ Id.

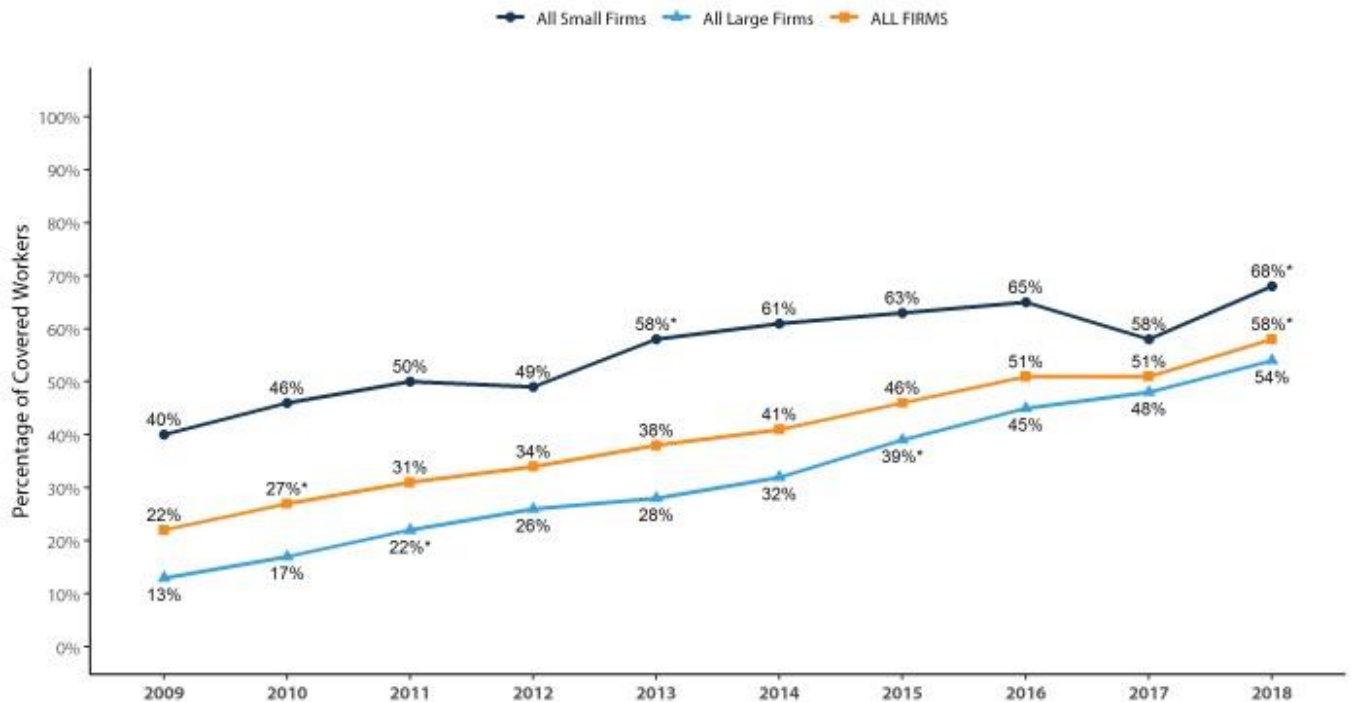
⁵ The Henry J. Kaiser Family Foundation, *2018 Employer Health Benefits Survey*, October 3, 2018, available at <http://files.kff.org/attachment/Report-Employer-Health-Benefits-Annual-Survey-2018> (last accessed January 23, 2020).

⁶ Id.

⁷ Id.

⁸ Id., figure 7.13.

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, by Firm Size, 2009-2018



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Small Firms have 3-199 workers and Large Firms have 200 or more workers. These estimates include workers enrolled in HDHP/SOs and other plan types. Average general annual deductibles are for in-network providers.

SOURCE: KFF Employer Health Benefits Survey, 2018; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009-2017

Looking at the increase in deductible amounts over time does not capture the full impact for workers because the share of covered workers in plans with a general annual deductible also has increased significantly, from 59% in 2008 to 78% in 2013 to 85% in 2018. If we look at the change in deductible amounts for all covered workers (assigning a zero value to workers in plans with no deductible), we can look at the impact of both trends together. Using this approach, the average deductible for all covered workers in 2018 is \$1,350, up 53% from \$883 in 2013 and 212% from \$433 in 2008.⁹

From 2013 to 2018, the average premium for covered workers with family coverage increased 20%, while wages only increased 12%.¹⁰ The dramatic increases in the costs of healthcare in recent years have focused significant attention on the need for greater communication and transparency to inform individual health care choices.

National Price Transparency Studies

To explore how expanding price transparency efforts could produce significant cost savings for the healthcare system, the Gary and Mary West Health Policy Center funded an analysis, "Healthcare Price Transparency: Policy Approaches and Estimated Impacts on Spending." This report, conducted in collaboration with researchers from the Center for Studying Health System Change and RAND, found that implementation of three policy changes could save \$100 billion over ten years:

- Provide personalized out-of-pocket expense information to patients and families before receiving care.
- Provide prices to physicians through electronic health record systems when ordering treatments and tests.

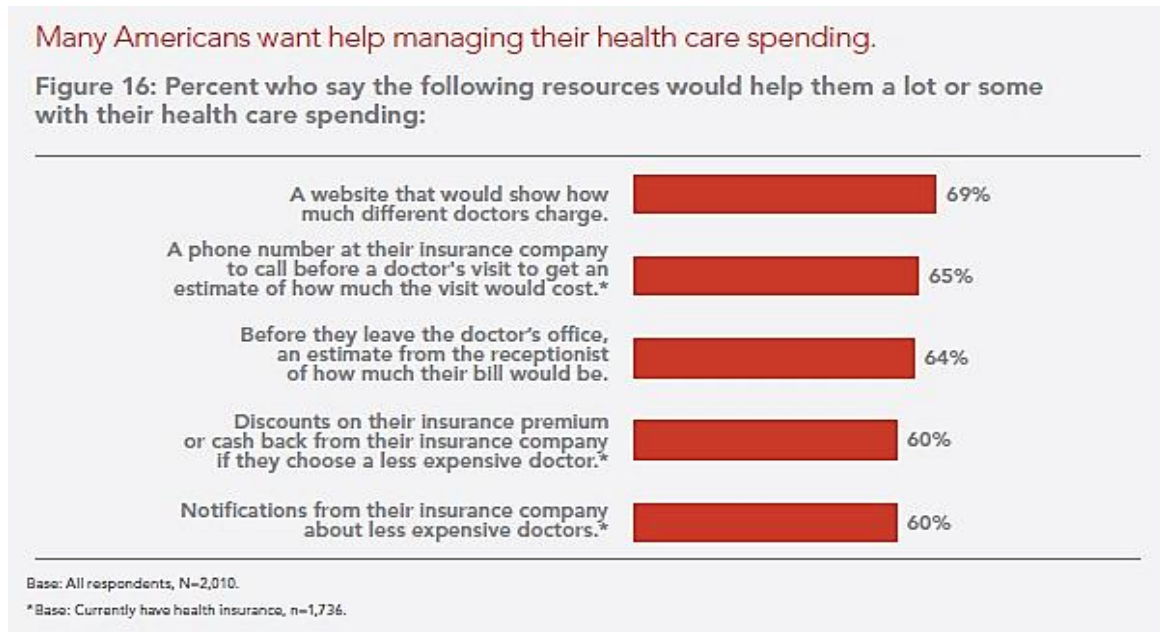
⁹ Id.

¹⁰ Id.

- Expand state-based all-payer health claims databases (APCDs), which could save up to \$55 billion by collecting and providing data and analytics tools that supply quality, efficiency and cost information to policy makers, employers, providers, and patients.¹¹

The report specifically found that requiring all private health insurance plans to provide personalized out-of-pocket price data to enrollees would reduce total health spending by an estimated \$18 billion over the 10-year period from 2014 to 2023.¹²

As Americans take on more of their health care costs, research suggests that they are looking for more and better price information.¹³



One study in 2014, which conducted a nationally representative survey of more than 2,000 adults, found that 56 percent of Americans actively searched for price information before obtaining health care, including 21 percent who compared the price of health care services across multiple providers.¹⁴ The chart below illustrates the finding that, as a consumer's health plan deductible increases, the consumer is more likely to seek out price information.¹⁵

¹¹ White, C., Ginsburg, P., et al., Gary and Mary West Health Policy Center, *Healthcare Price Transparency: Policy Approaches and Estimated Impacts on Spending*, May 2014, available at <http://www.westhealth.org/wp-content/uploads/2015/05/Price-Transparency-Policy-Analysis-FINAL-5-2-14.pdf> (last accessed January 23, 2020).

¹² Id., pg. 1.

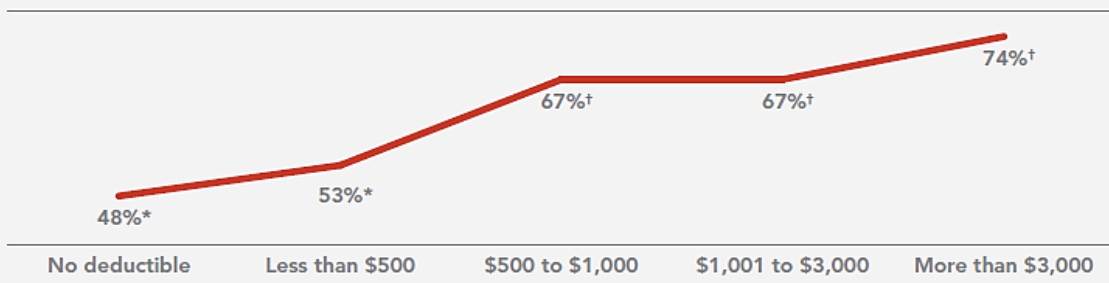
¹³ Public Agenda and Robert Wood Johnson Foundation, *How Much Will It Cost? How Americans Use Prices in Health Care*, March 2015, page 34, available at https://www.publicagenda.org/files/HowMuchWillItCost_PublicAgenda_2015.pdf (last accessed January 23, 2020).

¹⁴ Id., pg. 3.

¹⁵ Id., pg. 13.

People with deductibles over \$500 are more likely to seek price information.

Figure 2: Percent who say they have tried to find price information before getting care, by deductible amount:



Base: Currently have health insurance, n=1,736.

Estimates for groups indicated by * are not statistically different from each other, and groups indicated by † are not statistically different from each other; groups indicated by * are statistically different from groups indicated by † at the p<.05 level.

The individuals who compared prices stated that such research affected their health care choices and saved them money.¹⁶ In addition, the study found that most Americans do not equate price with quality of care. Seventy one percent do not believe higher prices impart a higher level care quality and 63 percent do not believe that lower price is indicative of lower level care quality.¹⁷ Consumers enrolled in high-deductible and consumer-directed health plans are more price-sensitive than consumers with plans that have much lower cost-sharing obligations. Accordingly, these consumers find an estimate of their individual out-of-pocket costs more useful than any other kind of health care price transparency tool.¹⁸ Another study found that 80 percent of health care consumers will select the highest value health care provider when they have access to well-designed reports on price and quality.¹⁹

Shoppable Health Care Services

As Americans are given greater access to health care cost information, they will be faced with decisions on how to use the cost information. Shopping for health care services can be very difficult due to the structure of our current health care system. A patient's need for health care services can be unpredictable and patients can be in a vulnerable position and unable to negotiate.

There are many factors that impact the "shoppability" of services – how complex the service is, how urgent it is, if the patient knows what they need versus if they need a recommendation from a doctor. Physicians have a growing role in the price conversation, but evidence suggests they are not engaging in the discussion of price as much as they could be. Furthermore, doctors may have a wider influence on costs, extending beyond the prices they charge their patients. Patients who visit doctors with lower-cost office visits have lower spending, on average, than those who visit high-cost doctors.²⁰

Price Transparency in Florida

¹⁶ Id., pg. 4.

¹⁷ Supra note 13.

¹⁸ American Institute for Research, *Consumer Beliefs and Use of Information About Health Care Cost, Resource Use, and Value*, Robert Wood Johnson Foundation, October 2012, page 4, available at https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2012/rwjf402126 (last accessed January 23, 2020).

¹⁹ Hibbard, JH, et al., *An Experiment Shows That a Well-Designed Report on Costs and Quality Can Help Consumers Choose High-Value Health Care*, *Health Affairs* 2012; 31(3): 560-568.

²⁰ "From The Archives: Prices And Consumer Shopping," *Health Affairs Blog*, July 19, 2017, available at <https://www.healthaffairs.org/doi/10.1377/hblog20170719.061105/full/> (last accessed January 23, 2020).

Florida Center for Health Information and Transparency

The Florida Center for Health Information and Transparency (the Florida Center), housed within the Agency for Health Care Administration (AHCA), provides a comprehensive health information system (information system) that includes the collection, compilation, coordination, analysis, indexing, dissemination, and utilization of health-related data.²¹

The Florida Center identifies existing health-related data and collects data for use in the information system, including information on health care costs and financing, trends in health care prices and costs, the sources of payment for health care services, and federal, state, and local expenditures for health care.²²

Florida Consumer Price Portal

The Florida Center maintains www.FloridaHealthFinder.gov, which was established by law in 2016²³, to assist consumers in making informed health care decisions and lead to improvements in quality of care in Florida. The website provides a wide array of search and comparative tools to the public which allow easy access to information on hospitals, ambulatory surgery centers, emergency departments, hospice providers, physician volume, health plans, nursing homes, and prices for prescription drugs in Florida.

The cost information on the website is searchable, and based on descriptive bundles of commonly performed procedures and services. Consumers can view typical payments²⁴ for common medical procedures and diagnostic tests, with information presented at both statewide and local levels. In other words, a patient in Tampa can see recent prices paid for a chest x-ray at local facilities and a statewide average price. The consumer search tool is accessible at <https://pricing.floridahealthfinder.gov/#!>.

The website also provides tools to researchers and professionals allowing for specialized data queries, but requires users to have some knowledge of medical coding and terminology.²⁵ Some of the features and data available on the website include a multimedia encyclopedia and symptoms navigator, hospital and ambulatory surgery centers performance data, data on mortality, complication, and infection rates for hospitals, and a facility/provider locator.²⁶

Patient Savings Act

In 2019, the Legislature enacted the Patient Savings Act²⁷, which allows health insurers and health maintenance organizations (HMOs) to create a shared savings incentive program (Program) to encourage insured individuals to shop for high quality, lower cost health care services and share any savings realized as a result of the insured's choice. The Act authorizes implementation of these incentive programs for plan years beginning January 1, 2020.

Health insurers and HMOs that choose to offer a Program must develop a website outlining the range of shoppable health care services available to insureds. This website must provide patients with an inventory of participating health care providers and an accounting of the shared savings incentives available for each shoppable service. The Act provides a list of nonemergency services that qualify as "shoppable health care services". These include, but are not limited to:

²¹ S. 408.05(1), F.S.

²² S. 408.05(2), F.S.

²³ Ch. 2016-234, L.O.F. See also S. 408.05(3), F.S.

²⁴ The website provides information on *payments* for services, and not facility *charges*. Very few patients or insurers actually pay the full charge for a service, so reporting of payments provides a more accurate estimate of costs that patients and/or their health plans can expect to incur.

²⁵ Agency for Health Care Administration, Florida Center for Health Information and Policy Analysis, *2017 Annual Report*, pgs. 4-8, available at

<https://fhfstore.blob.core.windows.net/documents/researchers/documents/2017%20FL%20Center%20Annual%20Report%20FINAL.PDF> (last accessed January 24, 2020).

²⁶ *Id.*, pgs. 6-8.

²⁷ Ss. 627.6387, 627.6648, and 641.31076, F.S.

- Clinical laboratory services.
- Infusion therapy.
- Inpatient and outpatient surgical procedures.
- Obstetrical and gynecological services.
- Outpatient nonsurgical diagnostic tests and procedures.
- Physical and occupational therapy services.
- Radiology and imaging services.
- Prescription drugs.
- Services provided through telehealth.

The Act defines a “shared savings incentive” as an optional financial incentive that may be paid to an insured for choosing certain shoppable health care services under a Program. When a patient obtains a shoppable health care service for less than the average price for the service, the bill requires the savings to be shared by the health insurer and the patient. A patient is entitled to a financial incentive that is no less than 25 percent of the savings that accrue to the insurer as a result of the patient’s participation.

The bill provides a range of methods by which a Program may financially reward patients who save money by shopping for health care services. Patients may receive financial incentives in the form of premium reductions, or deposits into a flexible spending account, health savings account, or health reimbursement account.²⁸

Effect of Proposed Changes

HB 1279 requires the Florida Center to publish an annual report identifying health care services with the most significant price variation at statewide and regional levels. This report will be due on July 1 of each year.

The bill also amends the Patient Savings Act by increasing the range of services defined as “shoppable” for purposes of earning a shared savings incentive under a Program. In addition to the examples of specific services outlined in the Act, the bill extends the “shoppable” service designation to those services identified by the Florida Center’s annual report as having the most significant price variation at statewide and regional levels.

Under current law, insurers and HMOs operating a Program may reward participants through deposits to health-related accounts or through premium reductions. The bill expands the range of rewards to include cash or cash-equivalent incentives.²⁹

The bill provides an effective date of January 1, 2021.

B. SECTION DIRECTORY:

- Section 1:** Amends s. 408.05.012, F.S., relating to Florida Center for Health Information and Transparency.
- Section 2:** Amends s. 627.6387, F.S., relating to shared savings incentive program.
- Section 3:** Amends s. 627.6648, F.S., relating to shared savings incentive program.
- Section 4:** Amends s. 641.31076, F.S., relating to shared savings incentive program.
- Section 5:** Provides an effective date of January 1, 2021.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

²⁸ Id.

²⁹ To the extent that a cash incentive paid to an insured increases that insureds total income, he or she will be responsible for income-related taxes that may be due on this additional income.

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

AHCA may incur some additional costs associated with completion of the annual reporting requirement for the Florida Center. These costs can be absorbed using existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill neither authorizes nor requires administrative rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES