

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/27/2024
POSITION: Oppose

BILL NUMBER: AB 3260
AUTHOR: Pellerin, Gail

BILL SUMMARY: Health care coverage: reviews and grievances.

This bill shortens the timeline requirements for a health plan or insurer to make a decision or notify an enrollee regarding the urgency of services, concurrent care requests, insufficient information to make a determination, or the filing of a grievance. This bill also requires a health plan or insurer to automatically treat a request as a grievance, if the plan fails to notify or make a decision within the allotted time frame, to resolve grievance automatically in favor of the enrollee, except as specified. This bill specifies the grievance process for insurers and mirrors the Department of Managed Health Care's provisions.

FISCAL SUMMARY

The Department of Managed Health Care estimates the fiscal impact to be \$10,727,000 and 52 positions in 2024-25, \$29,016,000 and 136 positions in 2025-26, \$32,046,000 and 144 positions in 2026-27, \$33,254,000 and 144 positions in 2027-28, \$33,382,000 and 144 positions in 2028-29, \$32,097,000 and 144 positions in 2029-30 and annually thereafter from the fee-supported Managed Care Fund to conduct legal, independent medical reviews, healthcare compliance, information technology, and enforcement. A one-million dollar increase to the Managed Care Fund results in a two-cent increase on assessments to full-service health plans and a one-cent increase to specialized health plans. To the extent this bill results in additional assessments on health plans, consumers may face increased premiums.

The California Department of Insurance estimates the fiscal impact to be \$163,000 in 2024-25, \$294,000 in 2025-26, \$245,000 in 2026-27, and \$238,000 in 2027-28 and ongoing from the Insurance Fund.

Covered California estimates no fiscal impact from this bill.

The California Public Employees' Retirement System estimates a minor but unknown fiscal impact from this bill.

A fiscal estimate was not available for the Department of Health Care Services. To the extent that this bill requires Medi-Cal managed plans to implement the requirements of this bill, there may be General Fund cost pressures.

Any requests for additional resources are subject to review and approval through the annual budget process.

This bill does not create a state-reimbursable mandate because it does not require a new program or higher level of service. Rather, these sections make a willful violation of these provisions by a health care service plan a crime, which is not a reimbursable state mandate.

Analyst/Principal Date Program Budget Manager Date
A.Pineda/J.Donaldson Manriquez , Guadalupe

Department Deputy Director Date

Governor's Office: By: Date: Position Approved _____
Position Disapproved _____

Pellerin, Gail

06/27/2024

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COMMENTS

The Department of Finance is opposed to this bill as it creates significant costs not included in the state's spending plan and General Fund cost pressures. Costs would likely result in an increase to rates, which would be passed on to consumers through higher premiums. As this bill mirrors the grievance process for insurers it may lead to increased costs to the Insurance Fund, and increased utilization that may lead to higher premiums for insurers.

To the extent this bill allows providers to make determinations regarding the urgency of a request for authorization or grievance, it may lead to unintended consequences.

Existing law established the Office of Health Care Affordability to slow healthcare spending and address prevailing cost drivers. The costs associated with this bill could increase the cost of health care for enrollees, conflicting with the state's goal to slow the growth of health care costs.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code		
	LA	(Dollars in Thousands)							
	CO	PROP	FC	2024-2025	FC	2025-2026	FC	2026-2027	
	RV	98							
4150/MngedHltCare	SO	No	C	10,727	C	29,016	C	32,046	0933
0845/Insurance	SO	No	C	163	C	294	C	245	0217
7900/PERS	RV	No		----- No/Minor Fiscal Impact -----					0001
4800/Exchange	SO	No		----- No/Minor Fiscal Impact -----					3175
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0217	Insurance Fund								
0933	Managed Care Fund								
3175	Health Trust Fund, California								