**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE “SOUTH CAROLINA RIGHT TO SHOP FOR HEALTH INSURANCE ACT” BY ADDING ARTICLE 16 TO CHAPTER 71, TITLE 38 SO AS TO PROVIDE A CITATION; TO PROVIDE NECESSARY DEFINITIONS; TO PROVIDE ALL HEALTH INSURANCE CARRIERS SHALL OFFER SHARED SAVINGS INCENTIVE PROGRAMS AS COMPONENTS OF ALL HEALTH INSURANCE PLANS, SUBJECT TO CERTAIN EXCEPTIONS, AND TO PROVIDE RELATED REQUIREMENTS CONCERNING THE ESTABLISHMENT OF THESE PROGRAMS, THE OFFERING OF INCENTIVES TO HEALTH PLAN ENROLLEES CONCERNING CERTAIN COVERED SHOPPABLE HEALTH CARE SERVICES; TO PROVIDE SHARED SAVINGS INCENTIVE PAYMENTS ARE NOT ADMINISTRATIVE EXPENSES OF THE CARRIER WHO PAID THEM FOR RATE DEVELOPMENT OR RATE FILING PURPOSES; TO PROVIDE WAIVERS FROM THE REQUIREMENTS OF THIS ACT; TO REQUIRE CARRIERS TO ANNUALLY FILE REPORTS OF CERTAIN RELATED INFORMATION TO THE DEPARTMENT; AND TO PROVIDE THE DEPARTMENT MAY ADOPT RULES TO CARRY OUT THE PROVISIONS OF THIS ACT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 71, Title 38 of the 1976 Code is amended by adding:

“Article 16

Right to Shop for Health Insurance Act

Section 38‑71‑1610. This article must be known and may be cited as the ‘Right to Shop for Health Insurance Act’.

Section 38‑71‑1620. For the purposes of this article:

(1) ‘Program’ means a shared savings incentive program established by a carrier pursuant to this section.

(2) ‘Shoppable health care service’ means a health care service for which a carrier offers a shared savings incentive payment under a program established by the carrier pursuant to this section. A shoppable heath care service includes, at a minimum, health care services in the following categories:

(a) physical and occupational therapy services;

(b) obstetrical and gynecological services;

(c) radiology and imaging services; and

(d) laboratory services.

(3) ‘Insurance carrier’ or ‘carrier’ means a health insurance company, health maintenance organization, preferred provider arrangement administrators, fraternal benefit society, nonprofit hospital or medical service organization operating a licensed health plan, self‑insured employer subject to state regulation, and any other entity offering coverage in the State that is subject to the requirements of the Patient Protection and Affordable Care Act, 42 U.S.C. Section 18001, et seq., and that is licensed to do business by the Department of Insurance.

Section 38‑71‑1630. Before a carrier who establishes a program pursuant to this article may offer the program to an enrollee, the carrier shall file a description of the program with the Department of Insurance in the manner determined by the department. The department may review this filing to determine if the carrier’s program complies with the requirements of this article. Upon request by a carrier before January 1, 2018, the department may grant a waiver from the requirement in Section 38‑71‑1640 that the program be made available as a component of all health plans if the department determines that a waiver is justified on the basis of criteria specified in rules adopted by the department. A filing or a waiver request, and supporting documentation of either, made pursuant to this section are confidential until the filing is reviewed or the department grants or denies the waiver request.

Section 38‑71‑1640. Except for a health plan offered through the federally facilitated marketplace, a carrier shall make the program available as a component of all health plans offered by the carrier in this State unless a waiver is granted by the Department of Insurance pursuant to Section 38‑71‑1630. A carrier may make the program available as a component of a health plan offered by the carrier through the federally facilitated marketplace. Annually at enrollment or renewal, a carrier shall provide notice about the availability of the program to an enrollee who is enrolled in a health plan eligible for the program.

Section 38‑71‑1650. (A) A carrier shall develop and implement a program that provides incentives for enrollees in a health plan who elect to receive shoppable health care services that are covered by the plan from providers that charge less than the average price paid by that carrier for that shoppable health care service.

(B) An incentive may be calculated as a percentage of the difference in price, as a flat dollar amount, or by some other reasonable methodology approved by the department.  The carrier may provide the incentive as a cash payment to the enrollee or as a reduction in the enrollee’s cost sharing or premium payment.  For a service that is paid for by the enrollee under the plan’s deductible provision, the carrier may provide the incentive by crediting a higher amount than the provider’s actual charge toward the enrollee’s deductible.

(C) The incentive program must provide enrollees with at least forty percent of the carrier’s saved costs for each service or category of shoppable health care service resulting from shopping by enrollees. Compliance with this requirement may be demonstrated in the aggregate of plans offered in this State based on a reasonably anticipated mix of claims. A carrier is not required to provide a payment or credit to an enrollee for when the carrier’s saved cost is fifty dollars or less.

(D) A carrier may determine the methodology for calculating the average price paid by the carrier for a shoppable health care service and the process an enrollee must use to document whether the provider chosen by an enrollee costs less than the average price paid by that carrier.

Section 38‑71‑1660. If an enrollee elects to receive a shoppable health care service from an out‑of‑network provider that results or would otherwise result in a shared savings incentive payment, a carrier shall apply the amount paid for the shoppable health care service toward the enrollee’s member cost sharing as specified in the enrollee’s health plan as if the health care services were provided by a network provider.

Section 38‑71‑1670. A shared savings incentive payment made by a carrier in accordance with this section is not an administrative expense of the carrier for rate development or rate filing purposes.

Section 38‑71‑1680. (A) Beginning March 1, 2018, and annually on March first thereafter, a carrier shall file with the department information from the most recent calendar year concerning the:

(1) total number of shared savings incentive payments made pursuant to this section;

(2) utilization of shoppable health care services by category of service for which shared savings incentives are made;

(3) total payments made to enrollees;

(4) average amount of incentive payments made by service for such transactions;

(5) total savings achieved below the average prices by service for such transactions; and

(6) total number and percentage of a carrier’s enrollees that participated in such transactions.

(B) Beginning April 1, 2018, and annually by April first thereafter, the department shall submit an aggregate report for all carriers filing the information required by this section to the Senate Banking and Insurance Committee and the House of Representatives Labor, Commerce and Industry Committee.

Section 38‑71‑1690. The department may adopt rules as necessary to implement this article.”

SECTION 2. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑