



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Loretta Medved, Ohio Department of Insurance

FROM: Michael Bender, Business Advocate

DATE: July 5, 2023

RE: **CSI Review – Chapter 3901-8 Part 1 (OAC 3901-8-01, 3901-8-02, and 3901-8-05)**

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Department as provided for in ORC 107.54.

Analysis

This rule package consists of three amended rules proposed by the Ohio Department of Insurance (ODI) as part of the statutory five-year review process. This rule package was submitted to the CSI Office on June 2, 2023, and the public comment period was held open through June 15, 2023. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on June 2, 2023.

Ohio Administrative Code (OAC) 3901-8-01 provides for the coordination of benefits when multiple insurance plans work together to pay claims for the same person. The rule is amended to update language and remove unnecessary language. OAC 3901-8-02 specifies the requirements that a third-party payer must follow if it receives a discount from billed charges from a health care provider. The rule is amended to update language. OAC 3901-8-05 establishes standards for third-party administrators that adjust or settle claims for other organizations in connection with life, dental, vision, health, prescription drugs, or disability insurance plans. The rule is amended to update language and a citation.

During early stakeholder outreach, ODI posted the draft rules on its website and emailed stakeholders in mid-April 2023 informing them of a two-week comment period. The stakeholders included

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consumer groups and associations such as the Ohio Association of Health Plans, the Ohio Insurance Agents Association, the National Association of Insurance and Financial Advisors, and the Ohio Insurance Underwriters Association, in addition to insurance companies. No stakeholders provided feedback in response. No comments were received during the CSI public comment period, although ODI did make a couple of grammatical corrections.

The business community impacted by the rules includes insurance companies selling health insurance, third party payers, and third-party administrators. The adverse impacts created by the rules include following the order of benefits, providing proper notice and disclosure, recordkeeping requirements, licensing requirements, filing an annual report, undergoing audits, and penalties for failure to comply with the rules. ODI notes that there are statutorily established fees associated with applying for a third-party administrator's license or license renewal. Furthermore, staff time will be required to comply with the rules, although ODI points out that insurers, payers, and administrators have already taken these costs into account. ODI states that the adverse impacts to business are justified to fulfill statutory requirements, ensure that claims are paid properly without delay, provide protection and transparency for consumers, ensure consistency, and provide oversight on third parties.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that ODI should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.