

The fiscal impact of this bill has several facets. First, it is estimated that this bill could increase health insurance premiums between 1.5 percent and 8.7 percent depending on 1) the current level of general health benefits offered; 2) the current level of mental health coverage provided; 3) changes in future health care usage; and 4) the type of health care system used by the insurance plan.

Many local governments, some institutions of higher education, some public school districts and many small businesses could have a fiscal impact in the first year, FY 2001, based on when their health plan year begins. It is estimated that premiums for these organizations could rise between 1 and 8.7 percent, depending on the factors noted above. A hardship exemption is available to qualified small employers to mitigate the potential fiscal impact.

State premiums could rise between 1.5 and 4.1 percent starting in FY 2002. A cost estimate of 2.0 percent for State programs would be approximately \$2,229,200 from all sources of funding. The State's Public Employee Health Program is not required to adopt the changes to the State Insurance Code, though it has traditionally done so.

A 3.0 percent estimate for institutions of higher education that are not exempt is estimated to be approximately \$448,000 from the General Fund. An appropriation of \$685,800 from the Uniform School Fund would be required for Public Education for the districts that are not exempt. Full funding for exempt Public and Higher Education agencies could be up to \$4,087,400 from the General Fund and Uniform School Fund.

Companies and organizations which are exempt from the provisions of this bill due to the Employee Retirement Securities Act of 1974 (ERISA) will have no fiscal impact.

Second, a one-time appropriation of \$4,000 from the General Fund to the Insurance Department is necessary to implement the regulatory provisions of the bill. New rate filings could generate approximately \$16,000 to the General Fund.

Third, enactment of this bill could generate Medicaid savings because of the increased private insurance coverage, however, this could not be quantified. There may be an increase in revenue to State health facilities. It is estimated this could be positive revenue of approximately \$450,000 per year and would be used to provide care for additional patients.

	<u>FY 01 Approp.</u>	<u>FY 02 Approp.</u>	<u>FY 01 Revenue</u>	<u>FY 02 Revenue</u>
General Fund	\$0	\$448,000	\$0	\$0

