The provisions of this bill could raise health insurance rates by as much as 2.0 percent depending on the current offering of benefits provided by any specific company and the changes in patient's behavior in seeking care. It is estimated that premiums for State and local government may be on the lower end of the range. For State employees, the cost of a 0.61 percent increase in premiums is approximately $679,900 from all sources of funding. Statewide costs for local government employees could be up to $750,000.

Organizations which are exempt due to ERISA (Employee Retirement Income Security Act of 1974) would not be required to comply. 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.

The bill may require some insurance companies to change their policy forms and re-file them with the Insurance Department. This could generate over $8,000 revenue to the General Fund. An appropriation to the Insurance Department of $1,000 from the General Fund would be needed for processing.

	FY 01 Approp.	**FY 02 Approp.**	**FY 01 Revenue**	**FY 02 Revenue**
General Fund	$1,000	$0	$8,000	$0
TOTAL	**$1,000**	**$0**	**$8,000**	**$0**

Individual and Business Impact

The fiscal impact is three-fold. First, affected individuals will realize a significant savings with the payment for their treatment. Second, the general population of insured individuals may experience a premium increase up to 2.0 percent. This may be paid by the insured individual or their employers. Third, insurance companies must file a rate change form at a cost of $20.00 per form.

Additional insurance benefits could result in added costs for the mandated benefits. The costs of mandated coverage may be recovered by: 1) reducing other benefits; 2) increasing premiums; 3) reducing insurance company profits; or 4) increasing insurance company losses.

Office of the Legislative Fiscal Analyst