Fiscal Note

Equity in Prescription Coverage

19-Jan-00

Bill Number SB0009

4:25 PM

The bill will require approximately 345 insurance companies to change their policy forms and re-file them with the Insurance Department. This will generate approximately $6,900 revenue to the General Fund. A one-time appropriation of $2,000 from the General Fund is needed for processing and postage.

The proposed changes would not impact State government and local government entities covered by PEHP (Public Employees Health Program). Insurance companies not exempt from ERISA (Employee Retirement Income Security Act of 1974) could see increased costs between 0 and 0.2 percent. The amount of the increase depends on the disparity between the new requirement and the current level of benefits provided by that company. This effect may be felt by some local governments, some institutions of higher education and some public school districts if their present insurance coverage does not include the benefit outlined in this bill.

	FY 01 Approp.	FY 02 Approp.	FY 01 Revenue	FY 02 Revenue
General Fund	$2,000	$0	$6,900	$0
TOTAL	**$2,000**	**$0**	**$6,900**	**$0**

Individual and Business Impact

The fiscal impact is three-fold. First, affected individuals may realize a significant savings because of the added benefit. Second, the general population of insured individuals may experience a small premium increase of up to 0.2 percent. This may be paid by the insured individual or their employers. Third, affected insurance companies must file a rate change form at a cost of $20.00 per form if their benefits change.

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