Fiscal Note

Bill Number SB0108

Diabetes Treatment and Management - Managed Care

03-Feb-00

2:49 PM

Second AMENDED BILL

The fiscal impact of this bill as amended by Committee on January 31, 2000 is estimated to be minimal toward most entities that offer health insurance. It could affect policies and increase premiums up to 0.17 percent. Many organizations will be able to absorb the cost increases within existing rates. In the long term, some savings may be accrued to offset some of the expenses. This cannot be quantified at the present time.

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 is estimated to generate approximately $13,800 revenue to the General Fund. An appropriation of $3,000 from the General Fund to the Insurance Department is needed for processing of the rate forms.

	FY 01 Approp.	FY 02 Approp.	FY 01 Revenue	FY 02 Revenue
General Fund	$3,000	$0	$13,800	$0
TOTAL	**$3,000**	**$0**	**$13,800**	**$0**

Individual and Business Impact

The fiscal impact is three-fold. First, affected individuals could realize a savings from the additional treatment and training regarding their condition. Second, the general population of insured individuals may experience a small premium increase of up to 0.17 percent. This may be paid by the insured individual or their employers. Third, insurance companies may be required to file a rate change form at a cost of $20.00 per form.

In the long term, some savings may be accrued to offset a portion of future premium increases. This cannot be quantified.

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