

The provisions of this bill change the State insurance code and mandate mental health benefits. Companies which are exempt due to ERISA (Employee Retirement Income Security Act of 1974) would not be required to comply.

It is estimated that the provisions of this bill could increase State and most local government premium costs approximately 2.7 percent. If managed care is used there may be some reduction of these costs, but this is estimated to be less than 0.25 percent reduction from the listed expenses. Some businesses could expect similar increases. Estimated costs for State, local government and some school districts total more than \$2,200,000 statewide. The actual cost of this legislation will depend on the rules adopted. Although PEHP is exempt from State insurance code, it follows all provisions of current insurance statute.

Enactment of this bill could generate some Medicaid savings because of the increased private coverage, however, this cannot be quantified. There could also be some increase in revenue to State health facilities. It is estimated that this would be less than \$500,000 per year and would be used to provide care for more patients. Revenue from rate modification fees in the amount of \$7,500 would be collected and added to the General Fund.

Additional insurance benefits could result in added costs for the mandated benefit. 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.

	<u>FY 99 Approp.</u>	<u>FY 00 Approp.</u>	<u>FY 99 Revenue</u>	<u>FY 00 Revenue</u>
General Fund	\$615,000	\$615,000	\$7,500	\$0
Uniform School Fund	\$683,000	\$683,000	\$0	\$0
Transportation Fund	\$27,000	\$27,000	\$0	\$0
Federal Funds	\$77,000	\$77,000	\$0	\$0
Dedicated Credits Revenue	\$52,000	\$52,000	\$450,000	\$500,000
Other	\$21,000	\$21,000	\$0	\$0
Local Revenue	\$685,000	\$685,000	\$0	\$0
Transportation Restricted	\$4,300	\$4,300	\$0	\$0
GF Restricted	\$36,500	\$36,500	\$0	\$0

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**Fiscal Note**  
**Bill Number HB0038S1**

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*9:59 AM*

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<b>TOTAL</b>	<b>\$2,200,800</b>	<b>\$2,200,800</b>	<b>\$457,500</b>	<b>\$500,000</b>
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**Office of the Legislative Fiscal Analyst**