

This bill could have a significant fiscal impact on State government, local government and many private businesses. It could significantly affect business expenses and operations of health insurance companies. It may negate many cost containment advantages of preferred provider arrangements and increase costs to both individuals and insurance companies.

It is difficult to accurately evaluate the cost since it will be impacted by the number of individuals that go outside their medical insurance network and the number and types of tests ordered by the physicians. It is estimated that State and local government medical insurance costs could increase up to four percent. This could mean a cost increase of more than \$3,300,000 in State and local government appropriations.

Additional insurance benefits such as this 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.

Office of the Legislative Fiscal Analyst