Fiscal Note

25-Feb-99

Bill Number HB0347

11:08 AM

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

Even though the State is exempt under ERISA, it has traditionally followed the State insurance code. However, new funding would not definitely be required. If the State elected to participate, the State-paid premiums would be increased an estimated 1.0 percent or $1,050,700 starting in FY 2000. This would include $646,100 from the General Fund and the Uniform School Fund. Local governments may also realize a premium increase, estimated at over $605,000 local revenue, statewide.

Revenue from rate modification and other fees in the amount of $75,000 would be collected from insurance companies and added to the General Fund which offsets the required expenditures of the Insurance Department.

	FY 00 Approp.	FY 01 Approp.	FY 00 Revenue	FY 01 Revenue
General Fund	$75,000	$75,000	$75,000	$75,000
TOTAL	**$75,000**	**$75,000**	**$75,000**	**$75,000**

Individual and Business Impact

This bill mandates certain health care benefits. Those receiving the health care benefits will realize a significant savings. Insured individuals would be required to pay the $25.00 filing fee. Many employers and/or employees may be required to pay up to 4 percent more in health care premiums. This may be absorbed by the employer, or passed along to either the insured employees or the employer's customers.

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