

The provisions of this bill could raise health insurance rates between .02 percent and 2.8 percent depending on the current offering of benefits provided by any specific company and the changes in patient's behavior in seeking care. It is estimated that premiums for State and local government could be in the middle of the range. For State employees, the cost of a 1.3 percent increase in premiums is approximately \$1,471,000 from all sources of funding. Statewide costs for local government employees would be approximately \$1,250,000.

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 will require some insurance companies to change their policy forms and re-file them with the Insurance Department. This will generate approximately \$7,000 revenue to the General Fund. An appropriation of \$1,000 General Fund would be needed for processing and postage.

	<u>FY 01 Approp.</u>	<u>FY 02 Approp.</u>	<u>FY 01 Revenue</u>	<u>FY 02 Revenue</u>
General Fund	\$1,000	\$0	\$7,000	\$0
<b>TOTAL</b>	<u><u>\$1,000</u></u>	<u><u>\$0</u></u>	<u><u>\$7,000</u></u>	<u><u>\$0</u></u>

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**Individual and Business Impact**

The fiscal impact is three-fold. First, affected individuals will realize a significant savings with the treatment of their condition. Second, the general population of insured individuals may experience a small premium increase of up to 2.8 percent. This may be paid by the insured individual or their employers. Third, insurance companies must file a rate change form at a cost of \$20.00 per form.

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.

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