

The provisions of this bill could raise health insurance rates up to 1.0 percent depending on the current status of benefits. This includes premiums for State and local government. Though the estimated adjustment is small, a shift in usage from contracted to noncontracted providers could affect a company's program agreement with a specific provider and consequently the costs for all other services.

Organizations which are exempt due to ERISA (Employee Retirement Income Security Act of 1974) would not be required to comply. Although the State's Public Employee Health Program has traditionally adopted changes to the State Insurance Code, it is not required to do so. The estimated rate increase for the State could be approximately 0.5 percent or \$544,500.

Individual and Business Impact

The impact to the individual is two-fold. First, the directly affected person may be able to save some traveling expense and receive more payment for care obtained at a closer facility than under current statute. On the other hand, the general insured population may have an increase in premiums of up to 1.0 percent. This may also be covered by the insurance carrier or employer who provides the insurance coverage.

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.
