Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Sub. H.B. 374** DATE: **June 26, 1997**

STATUS: **As Passed by the Senate** SPONSOR: **Rep. Van Vyven**

LOCAL IMPACT STATEMENT REQUIRED: **No — Federal mandate**

CONTENTS: **Implements the federal Health Insurance Portability and Accountability Act**

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential negligible increase	Potential negligible increase

- If DAS is required to send out affidavits when state employees leave, there could be a minimal cost to the GRF, however it is unclear if this is required.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Other Local Governments and School Districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

- The bill requires insurers to offer additional benefits such as portability and limits exclusionary periods for pre-existing conditions, therefore premiums could rise for political subdivisions which offer health care coverage but do not currently have these benefit provisions.

Detailed Fiscal Analysis

The bill implements the federal Health Insurance Portability and Accountability Act, which is commonly referred to as Kassebaum-Kennedy. Although the bill would have far-reaching effects on employers, insurers, and citizens of the State of Ohio, it is likely to have minimal, if any, effect on the state government. However, because the bill requires insurers to offer additional benefits, such as portability, and limits exclusionary periods for preexisting conditions, premiums could rise for political subdivisions that offer health care coverage for their employees. The potential minimal impact, however, is the result of a federal mandate.

According to a spokesperson at the Department of Administrative Services (DAS), the bill would have no impact on the cost of providing health care benefits to state employees. State health plans do not have preexisting condition exclusions, so the provisions limiting those periods of exclusion and portability are not applicable to the state. With regard to portability, the bill could generate additional administrative costs for the state if DAS is required to send out an affidavit when an employee leaves state service. The affidavit would indicate the amount of credit (i.e. the employee's length of time in the state health plan) the employee has accumulated that can be applied in accordance with the portability provisions of the bill. It is still open to interpretation whether the employer or the health plan would be required to send the affidavit, according to the spokesperson.

The bill changes insurance law, and thus increases the regulatory purview of the Department of Insurance. However, the department would likely absorb any additional workload, such as the review of policies and rates associated with the bill's provisions.

❑ *LBO staff: Chris Whistler, Economist*

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