
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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