



General Assembly. It is unclear who might reimburse the members appointed by the Governor. However, all such reimbursement costs would be minimal.

## ***Local Fiscal Highlights***

The bill has no apparent fiscal effect upon the local governments.

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## ***Detailed Fiscal Analysis***

### **Legislative Service Commission**

The bill requires LSC to review each bill that has received second consideration to determine if it contains a mandated benefit. In addition, LSC must review each bill for which an amendment or a substitute bill is adopted to determine if the amendment or substitute bill contains a mandated benefit. Additionally, a chairperson may request that LSC review any bill that was assigned to the chairperson's committee prior to the effective date of this bill. The chairperson may also request that LSC review any substitute version or amendments adopted for such bills.

If LSC determines that the bill that has received second consideration, the amendment, or the substitute bill does contain a mandated benefit, they are required to prepare and distribute a statement or revised statement to the chairperson of the committee to which the bill is assigned, to the Ohio Mandated Benefits Review Council, and to the Superintendent of Insurance. LSC estimates that it will be able to absorb the additional workload utilizing existing staff.

### **Mandated Health Benefits Review Council**

The bill establishes the Mandated Health Benefits Review Council. The Council will consist of 15 members, six of whom will be voting members (i.e., the six legislative members). However, if the voting members cast a tie vote, the additional council members are required to vote to break the tie. In which case, the majority vote of the additional council members would count as a single vote on whether to approve the action.

The Council is to meet as prescribed by rules adopted by the Council. The bill provides that members of the Council are to serve without compensation, but may be reimbursed for actual and necessary expenses incurred in the performance of their duties. Therefore, they could be reimbursed for mileage, parking, meals, and lodging. The appropriate house of the General Assembly would reimburse legislators and members appointed by the President of the Senate or the Speaker of the House of Representatives. It is unclear who would reimburse the members appointed by the Governor. However, all such reimbursement costs would be minimal.

The bill requires the Superintendent of Insurance to arrange for an independent actuarial review of the mandated benefits in accordance with the provisions of this bill. After the Council receives the findings of the actuarial review from the Superintendent of Insurance, the Council must hold a public hearing. The Council then has no more than 30 days following receipt of the finding of the actuarial review to submit its findings to the chairperson of the committee to which the bill is assigned.

The bill also allows the Council to review, from time to time, the provisions of the Revised Code that include mandated benefits and request the Superintendent of Insurance to arrange for an independent healthcare actuarial review. The Council is to forward its findings regarding such mandated benefits to the President of the Senate, Speaker of the House of Representatives, and the chairpersons of the committees of the General Assembly that have primary jurisdiction over health insurance.

The bill also requires the Council to prepare and submit an annual summary of all the findings with respect to proposed and existing mandated health benefits to the Governor, Speaker of the House of Representatives, and the President of the Senate.

### **Superintendent of Insurance**

The bill requires the Department of Insurance to contract with a healthcare actuary to perform an independent review to determine the social and financial impact of the proposed mandated benefits in each bill referred to it by the Council. The bill also establishes minimum requirements regarding what the actuary is to consider when reviewing the bill. Within 45 days of receiving the request, the Superintendent of Insurance is required to submit the findings of the review to the Council.

The Department of Insurance did not have an estimate regarding the cost of healthcare actuarial services. However, LBO contacted the Ohio Retirement Study Council, which contracts with an actuary to review proposed legislation that impacts the state retirement systems. According to a spokesperson for the Council, they spent \$64,000 (\$70 to \$285 per hour) in just over a year to have five bills reviewed by an actuary under contract (\$12,800 per bill analyzed). Over a four-year period, the Council spent between \$29,000 and \$134,000 per year for such actuarial costs.

The 119<sup>th</sup>, 120<sup>th</sup>, 121<sup>st</sup>, and 122<sup>nd</sup> General Assemblies introduced 24, 16, 23, and 28 bills, respectively, which may have contained provisions for mandated health benefits. Therefore, LBO estimates that the actuary on contract with the Department of Insurance would review approximately 20 to 26 mandated health benefit bills every biennium (10 to 13 bills per year). Assuming a cost of \$12,800 per bill to be reviewed, the Department of Insurance would incur a cost of \$128,000 to \$166,400 per year.

In a separate provision, the bill requires the Superintendent of Insurance to provide any necessary staff services to the Council. This could include the cost of providing the written recommendations from the Council to the General Assembly and the annual summary of Council recommendations, required by the bill. These additional costs would be minimal. Costs for the Department of Insurance would be paid out of Fund 554 (State Special Revenue Fund Group).

### **Sunset Provision**

The requirements contained in the bill are sunset on December 31, 2003.

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