

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ♦ Phone: (614) 466-3615
♦ Internet Web Site: <http://www.lsc.state.oh.us/>

BILL: **S.B. 297** DATE: **May 7, 2008**
STATUS: **As Introduced** SPONSOR: **Sen. D. Miller**
LOCAL IMPACT STATEMENT REQUIRED: **Yes**
CONTENTS: **Prohibits health insurers and public employee benefit plans from excluding coverage for posttraumatic stress disorder**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties, municipalities, townships, school districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase	Potential increase	Potential increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Potential increase in costs for political subdivisions to provide health benefits to workers and their dependents. If any political subdivisions did experience such an increase in costs, it is expected that the increase would be less than 1% of their current spending on health benefits.



Detailed Fiscal Analysis

S.B. 297 prohibits health insuring corporation (HIC) contracts, individual and group sickness and accident insurance policies, and public employee benefit plans from excluding coverage of posttraumatic stress disorder. The bill provides that the definition of "posttraumatic stress disorder," for purposes of this prohibition, is the definition contained in the *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition, published by the American Psychiatric Association.

Background

H.B. 33 of the 124th General Assembly contained a requirement that health insurers provide full parity of mental health benefits with those provided for other physical conditions – a broader requirement than that contained in S.B. 297. An actuarial report on the effects of implementing the provisions of H.B. 33 was produced by Milliman USA. Milliman estimated that the provisions of H.B. 33 would increase health insurance premiums in Ohio by between 1.0% and 1.5% on average for plans affected by its provisions, and by up to 5.0% or more for affected plans that currently provide low levels of coverage for mental illness and substance abuse services. The average increase was based on four distinct cost estimates,¹ one for a traditional fee for service (FFS) plan, one for a preferred provider organization (PPO) plan, one for a point of service (POS) plan, and one for an HMO plan. The estimated cost increases for each type of plan are shown in the following table.

Plan type	Estimated premium increase
FFS plan	3.4%
PPO plan	1.2%
POS plan	0.6%
HMO plan	0.4%

Source: Milliman USA Consultants and Actuaries

S.B. 116 of the 126th General Assembly enacted a prohibition against health insurers excluding coverage for "biologically based mental illness." S.B. 116 defined "biologically based mental illness" to be "schizophrenia, schizoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, and panic disorder, as these terms are defined in the most recent edition of the diagnostic and statistical manual of mental disorders published by the American psychiatric association."

Because the provisions of S.B. 297 prohibit exclusion of a narrower category of care than H.B. 33 would have, and because S.B. 116 has already required coverage for several conditions that were included in the estimated costs of H.B. 33, any fiscal effects that S.B. 297 might cause are almost certainly less than those estimated for H.B. 33.

¹ Technically, Milliman calculated a weighted average of these percentage increases, with the weights being the estimated share each type of plan had at that time in Ohio's health benefit market. Starting with the premium increases in the table, Milliman calculated a weighted average premium increase of 1.2%. This estimate was widened to the 1.0% to 1.5% range reported above, presumably to allow for some uncertainty at each step of the calculation.

Fiscal effects

S.B. 297 may increase the costs to state and local governments to provide health benefits to employees and their dependents. Diagnosis and treatment of posttraumatic stress disorder may already be fully or partially covered in some governmental health plans. To the extent that they are provided currently, there would be no cost due to the bill's provisions.

An official with the Department of Administrative Services reports that all health benefit plans covering state employees already comply with the bill's prohibition. Similarly, officials with the departments of Job and Family Services and Mental Health report that the benefits provided under Medicaid managed care, which are provided through HICs, also comply. Thus, there would be no fiscal effect on the state.

LSC staff do not have data on health benefits that political subdivisions currently offer to employees. Officials with Franklin County and Muskingum County report that the required benefits are currently provided to employees of those counties and their dependents, so there would be no cost to those counties. These two counties do not represent a random sample, so no reliable generalizations can be made to other counties or political subdivisions. The bill's provisions could increase health care costs somewhat for other political subdivisions, if they do not currently provide this benefit. Based on the Milliman actuarial report, and the more limited requirement imposed by this bill, it seems unlikely that costs for those political subdivisions would increase by as much as 1%. However, LSC staff cannot rule out the possibility that costs may increase for some subdivisions by up to 1%.

LSC fiscal staff: Ross Miller, Senior Economist

SB0297IN.doc/lb