



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 451 of the 128th G.A.

Date: March 10, 2010

Status: As Introduced

Sponsor: Rep. Letson

Local Impact Statement Procedure Required: Yes

Contents: To require certain health care plans to provide benefits for colorectal cancer examinations and laboratory tests for cancer

State Fiscal Highlights

STATE FUND	FY 2010	FY 2011	FUTURE YEARS
General Revenue Fund – Department of Job and Family Services			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill may increase the Department of Job and Family Services' administrative costs related to the required application for a federal Medicaid waiver to implement coverage of colorectal examinations and laboratory tests for cancer for eligible nonsymptomatic individuals. Any increase would likely be minimal.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2010	FY 2011	FUTURE YEARS
Counties, Municipalities, Townships, and School Districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase up to \$139 million	Increase up to \$139 million

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

- The provision that requires public employee benefit plans to provide benefits for colorectal cancer examinations and laboratory tests may increase costs to counties, municipalities, townships, and school districts statewide of providing health benefits to employees and their dependents. LSC staff could not determine the estimated fiscal impact due to lack of information on the number of political subdivisions that currently provide such benefits under their plans.

Detailed Fiscal Analysis

The bill requires policies, contracts, agreements, and plans of health insuring corporations (HICs), sickness and accident insurers, multiple employer welfare arrangements, and public employee benefit plans to provide benefits for costs pertaining to examinations and laboratory tests for colorectal cancer. The bill indicates that the required benefits apply only to services rendered by an in-network provider if applicable. The bill specifies that the required benefits are subject to the same terms and conditions, including copayment and deductibles, that apply to similar benefits provided under the policy, contract, or agreement. The bill provides that the examinations and laboratory tests must follow the most recently published colorectal cancer screening guidelines of the American Cancer Society. The bill specifies that the benefits must be provided to any symptomatic individual or any nonsymptomatic individual who is either (1) less than 50 years old, but has high risk for colorectal cancer according to the most recent American Cancer Society screening guidelines, or (2) 50 years old or older.

The bill requires the state's Medicaid plan to provide coverage for colorectal cancer examinations and laboratory tests for cancer for nonsymptomatic individuals under these conditions. The bill also requires the Director of Job and Family Services to request a federal waiver to the U.S. Secretary of Health and Human Services as necessary to implement the required coverage for Medicaid patients. The bill provides that the requirement does not apply to the state's Medicaid plan until such waiver is approved.

The bill indicates that the Department of Insurance is not required to conduct an analysis of the impact of the coverage for colorectal cancer examinations and laboratory tests. Currently, any mandated health benefits legislation enacted by the General Assembly may not be applied to any policy, contract, plan, or other arrangement providing sickness and accident or other health benefits until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state, or by any agency or instrumentality of the state or any political subdivision of the state. The bill includes a provision that exempts its requirements from this provision of current law.

Fiscal effect

The bill has no fiscal effect on the state health benefit plans and the Medicaid plan. Currently, state health benefit plans and the Medicaid plan provide benefits for colorectal cancer examinations and laboratory tests. Under existing rules adopted by the Director of Job and Family Services, colorectal cancer screening procedures are

covered under the state's Medicaid Program.¹ In addition, the bill requires the Director to apply for a federal waiver to implement the required coverage. This requirement may increase the Department of Job and Family Services' administrative costs. Any increase would likely be minimal.

The bill may also increase costs to school districts and political subdivisions of providing health benefits to employees and their dependents. LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of local subdivisions' health benefit plans that already provide such benefits.

Based on a Centers for Disease Control (CDC) and Centers for Medicare & Medicaid Services (CMS) publication, Colorectal Cancer Facts on Screening, the estimated costs per colorectal cancer examination and laboratory test ranged from \$10 to \$1,600 depending on the type of test needed. According to the Ohio Public Employees Retirement System defined benefit valuation data as of December 31, 2006 for its Local Government Division, approximately 86,740 members were over 50 years old. Based on the estimated number of eligible employees and estimated cost per test, the estimated average annual costs to local government employers to provide the required benefits could be between \$0.9 million and \$139 million. The impact on the local subdivisions would be reduced if the benefits are included in their current plans. The impact would be reduced further if such tests are not recommended on an annual basis.

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¹ The bill analysis includes details related to current coverage under the state's Medicaid program.