



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 613 of the 129th G.A. **Date:** December 5, 2012
Status: As Reported by House Health & Aging **Sponsor:** Rep. Sears

Local Impact Statement Procedure Required: No

Contents: To specify licensing and continuing education requirements for insurance agents involved in selling, soliciting, or negotiating sickness and accident insurance through a health benefit exchange

State Fiscal Highlights

STATE FUND	FY 2013	FY 2014	FUTURE YEARS
Department of Insurance Operating Fund (Fund 5540)			
Revenues	Potential gain	Potential gain	Potential gain
Expenditures	Potential increase	Potential increase	Potential increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2013 is July 1, 2012 – June 30, 2013.

- The bill may increase the Department of Insurance's administrative expenses due to insurance agent licensing requirements and regulations and navigator certification requirements related to a health benefit exchange. If there is any increase in such costs, it would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The bill may increase fee revenues related to navigator certification requirements. All fee revenues related to such requirements will be deposited into Fund 5540.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill specifies training and continuing education requirements for insurance agents before they can be involved in selling, soliciting, or negotiating insurance through a health benefit exchange¹ on or after January 1, 2014. Under the federal Patient Protection and Affordable Care Act (ACA), states must establish a health care exchange, where individuals and small businesses can purchase health insurance, on or before January 1, 2014; the exchange can be federally run, state-run, or can operate as a combination of the two. The bill also requires the Superintendent of Insurance to approve continuing education courses to be used for compliance with the requirements. The bill requires a licensed resident insurance agent who is certified to sell, solicit, or negotiate insurance through an exchange to submit certain information required by the exchange.

The bill also specifies functions and certification requirements for a navigator.² A "navigator" is a person selected to perform certain activities and duties identified in the ACA, and is certified by the Superintendent of Insurance. The bill requires the Superintendent to adopt rules to establish a certification and training program for a prospective navigator and the navigator's employees, including a criminal records screening before any exchange becomes operational in Ohio. The bill allows the Superintendent to suspend, revoke, or refuse to issue or renew the navigator certification to any person under circumstances analogous to those that would be grounds under existing law for such an action regarding an insurance agent license.³

The bill requires an exchange to allow an insurer to offer any health benefit plan that the insurer seeks to offer through the exchange, so long as such plan is a qualified health plan under the ACA, as determined by the Superintendent of Insurance. The bill requires an exchange to maintain a current list of licensed insurance agents that have met all of the necessary requirements to sell insurance through an exchange and a navigator. The bill also requires an exchange to include information on how an individual can obtain the contact information of insurance agents who are certified to sell health benefit plans and are operating near the individual's home address and navigators certified under section 3905.471 of the Revised Code. The bill also requires

¹ The bill defines an "exchange" as a health benefit exchange established by the state or an exchange established by the U.S. Department of Health and Human Services (HHS). In a letter sent by Governor Kasich to the Director of the HHS Center for Consumer Information and Insurance Oversight, dated November 16, 2012, the Governor asserted that the state will not operate an exchange, but allow the federal government to run its health care exchange.

² The federal ACA requires an exchange to establish a navigator program and specifies a navigator's basic functions.

³ Those grounds are specified in section 3905.14 of the Revised Code.

an exchange to maintain a current list of individuals or entities that are not licensed insurance agents that have met all of the requirements to be certified navigators.

Fiscal effect

The bill may increase the Department of Insurance's administrative costs related to certifying and training insurance agents who would sell, solicit, or negotiate insurance through a health benefit exchange, i.e., navigators. Any increase in such costs would be paid from the Department of Insurance Operating Fund (Fund 5540). In addition, the Superintendent of Insurance may impose fees in connection with certifying and training navigators, thereby increasing revenue to Fund 5540. The amount of the increase would depend on the amount of the fee imposed, not specified in the bill, and the number of applicants. Under the bill, all fees related to the navigator certification and training requirements must be deposited into Fund 5540.