



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** Sub. S.B. 9 of the 130th G.A.  
(LSC 130 0818-3)

**Date:** May 6, 2013

**Status:** In House Insurance

**Sponsor:** Sen. Bacon

**Local Impact Statement Procedure Required:** No

**Contents:** To make changes to the procedure for submission and review of a health insuring corporation's solicitation document, and to suspend the enforcement of the Ohio Open Enrollment Program, the Ohio Health Reinsurance Program, and the option for conversion of a health insurance contract or policy under certain circumstances during the period beginning January 1, 2014, and expiring January 1, 2018

### State Fiscal Highlights

STATE FUND	FY 2014	FY 2015	FUTURE YEARS
<b>Department of Insurance Operating Fund (Fund 5540)</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase or decrease	Potential increase or decrease	Potential increase or decrease

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 or decrease the Department of Insurance's administrative expenses. The temporary suspension of existing programs would reduce department administrative costs, but the change to procedures related to reviewing changes to solicitation documents may increase them. Any net increase or decrease in administrative costs would affect the Department of Insurance Operating Fund (Fund 5540).

### Local Fiscal Highlights

- No direct fiscal effect on local governments.

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## **Detailed Fiscal Analysis**

### **Health insuring corporation's solicitation document**

The bill revises the procedure for submission and review of changes to a health insuring corporation's (HIC) solicitation document. The bill requires an HIC to submit a solicitation document that is changed and is not used as part of the evidence of coverage to the Superintendent of Insurance at least 30 days prior to use. The bill specifies that the Superintendent may prohibit the HIC from publishing or distributing the solicitation document, if the Superintendent finds that it contains any untrue, misleading, or deceptive statements or that it otherwise fails to comply with certain requirements of Ohio law, until proof of correction or retraction is submitted.

### **Suspends Ohio's Open Enrollment Program, Health Reinsurance Program, and option for conversion of a health policy contract**

The bill would suspend Ohio's Open Enrollment Program, Health Reinsurance Program, and option for conversion of a health policy contract during the period beginning on January 1, 2014, and expiring January 1, 2018. The bill specifies that carriers are not required to offer open enrollment coverage under the Ohio Open Enrollment Program on or after January 1, 2014. The bill provides that, on or after January 1, 2014, a carrier may terminate an open enrollment or conversion policy or contract issued prior to January 1, 2014, if the carrier provides a notice of termination to the policyholder at the time the policy is issued or at least 90 days prior to the termination and offers the policyholder the option to purchase other coverage offered by the insurer to be effective at the time of the termination. The bill also specifies that if the amendments made by 42 U.S.C. 300gg-1 and 300gg-6, regarding the requirements related to health insurance coverage, do not take effect January 1, 2014, or become ineffective prior to the expiration of the suspension on January 1, 2018, then again those programs become operational.

### **Fiscal effect**

The bill may increase the Department of Insurance's administrative costs related to the procedure for submission and review of changes to an HIC's solicitation document. The bill may decrease the Department's costs related to regulating the Ohio Open Enrollment Program, the Ohio Health Reinsurance Program, and the option for conversion of a health insurance contract or policy. LSC staff are unsure whether the net effect would be to increase or to decrease departmental costs, but any change in such costs would affect the Department of Insurance Operating Fund (Fund 5540).

The bill would have no direct fiscal impact on local governments.

## **Synopsis of Fiscal Effect Changes**

LSC 130 0818-3 adds changes to the procedure for submission and review of an HIC's solicitation document, and temporarily suspends the enforcement of the Ohio Open Enrollment Program, the Ohio Health Reinsurance Program, and the option for conversion of a health insurance contract or policy under certain circumstances. The substitute bill does not contain previous provisions related to certifying and training insurance agents who would sell insurance through an exchange.

The substitute bill removes fees authorized by the Senate Passed version of the bill, and removes the regulatory responsibilities that would have generated increased administrative costs for the Department of Insurance. Removal of these provisions eliminates the potential revenue gains and expenditure increases affecting Fund 5540. New provisions include some that increase administrative costs for the Department of Insurance and some that decrease those costs. LSC staff are uncertain whether the net effect would be an increase in costs paid from Fund 5540, as compared with current law, or a decrease to them.

The substitute bill would have no direct fiscal impact on local governments.