



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 450 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Antani

Local Impact Statement Procedure Required: No

Subject: To impose review and other requirements on existing health insurance mandated benefits and to establish requirements for the creation of new mandated benefits.

State & Local Fiscal Highlights

- The Department of Insurance's administrative costs would increase due to the requirements of conducting actuarial studies and producing mandated benefit reports under the bill. The Department's costs would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The costs of the actuarial studies would likely be in the hundreds of thousands of dollars. The cost of the first study could be spread over two fiscal years; the costs of subsequent studies could be spread over five years.
- The bill will have no direct fiscal effect on any of the state's political subdivisions.

Detailed Fiscal Analysis

Actuarial study and report on existing mandated benefits

The bill modifies the existing requirement that the Superintendent of Insurance must conduct an actuarial study on the costs of all health care mandates enacted in state law. Under existing law, the study requirement applies to mandated benefits imposed on all group and individual health benefit plans not subject to federal law. The bill requires the Superintendent to conduct an actuarial study on the costs of all health care mandated benefits,¹ including calculation of the costs of mandated benefits in actual dollars and as a percentage of total health care premiums paid by any purchaser of any individual or group health benefit plan. The first required study would be due by April 6, 2019, with subsequent studies required every five years thereafter. Under existing law, the study must be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives. In addition to the existing distribution requirement, the bill requires that the Superintendent make a copy of the most recent study available to the public on the Department of Insurance's website. The bill also

¹ "Mandated benefit" does not include any coverage required under federal law, such as under Medicaid or the federal employees health benefits program.

requires the Superintendent to submit an annual report summarizing all health care mandated benefits contained in the Revised Code.²

The bill requires that health benefit plans, including potentially Medicaid managed care plans, disclose certain information regarding health care mandated benefits to plan members in their premium invoices and statements.

Health Care Mandated Benefits Review Committee

The bill creates the seven-member Health Care Mandated Benefits Review Committee to regularly review all existing health care mandated benefits, and to make recommendations regarding the repeal of any of the individual mandates. Committee members would be appointed by the Department of Insurance. The bill specifies that all members of the Committee must be experts in evidence-based medicine. The bill requires the Committee to produce a report of its findings, and submit the report electronically to the Governor, the President of the Senate, and the Speaker of the House. The first report would be due within two years; subsequent reports would be required every seven years thereafter.

New mandated benefits

The bill would place certain preconditions³ on the enactment of any new mandated benefits, and would require the Department of Insurance to complete a report pertaining to each new proposed benefit. The report must include alternative approaches to "addressing the alleged lack of insurance coverage for a particular health care product or service," i.e., the product or service that is the subject of the proposed mandate. The bill specifies that if a proposed health care mandated benefit requires a benefit in addition to the essential health benefits specified under the federal Patient Protection and Affordable Care Act of 2010 (PPACA), the state must assume the cost of the mandated benefit as required under the federal PPACA.

Fiscal effect

The bill would increase the Department of Insurance's administrative costs due to the requirements to conduct actuarial studies and produce reports. There may also be costs associated with the Health Care Mandated Benefits Review Committee, but the bill does not specify whether the members of the Committee would be compensated or reimbursed for expenses incurred in the performance of their duties. The magnitude of the increase in costs is undetermined, but would likely be in the hundreds of thousands

² The first report is to be delivered electronically to the Governor, the President of the Senate, and the Speaker of the House the within one year of the effective date of the bill.

³ The preconditions are listed in section 3901.886 of the bill, and include, for example, that (1) the mandate apply to Medicaid, (2) at least five other states have already enacted the benefit without it increasing health care costs in those states, and (3) medical care price inflation as measured by the relevant component of the consumer price index (CPI) has been no greater than overall price inflation as measured by the CPI during the preceding year.

of dollars, though it might be spread over multiple fiscal years (see explanation in the following paragraph). Department of Insurance costs are generally paid from the Department of Insurance Operating Fund (Fund 5540). The bill does not make or increase any appropriations.

The primary cost would be associated with the actuarial studies. LSC has experience with commissioning such studies to evaluate proposed health benefit mandates. Sub. H.B. 221 of the 123rd General Assembly required LSC to commission such studies, under specified conditions, for bills proposing health care mandates. Several such studies were commissioned during 2001. The cost of each study was several tens of thousands of dollars, with one costing nearly \$120,000.⁴ Presumably an actuarial study that analyzed the costs of all mandated health benefits would be at least as large as the costs of a study to analyze the costs of a single mandated benefit. The cost of the first study would likely materialize during FY 2019 or FY 2020, and might be spread over two fiscal years. The cost of subsequent studies could be spread over five years.

The bill would increase state expenditures in the future if the state enacted a new mandated benefit that requires a benefit in addition to the essential health benefits specified under the federal PPACA. Any such increase would depend on whether the General Assembly enacted such mandated benefits in the future.

The bill will have no direct fiscal effect on any of the state's political subdivisions.

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⁴ One study cost less than \$2,000, but it was for a companion bill to another bill for which a study that cost nearly \$120,000 was done.