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FISCAL IMPACT STATEMENT

LS 6032
BILL NUMBER: SB 150

NOTE PREPARED: Nov 14, 2004
BILL AMENDED:

SUBJECT: Bone Density Testing Coverage.

FIRST AUTHOR: Sen. Antich-Carr
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires group health coverage programs for state employees, group accident and sickness insurance policies, and group health maintenance organization contracts to provide coverage for bone density testing for a covered woman who is at least 45 years of age.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary of Total Impact:* As of July 2004, 36,767 state employees were enrolled in a plan provided by one of four health insurance providers. Two providers cover bone density testing whereas two do not. Total premium increases are estimated at about \$460,000 for Anthem and \$22,700 for Advantage, for a total of \$482,700. It is unknown at this time if the state would absorb added costs or pass the costs on to employees. Also, these estimates assume that participation rates in the different plans remain constant.

The providers, employee enrollment, and whether bone density testing is covered for a woman who is at least 45 years of age are provided below.

State Employee Participation in Health Insurance Plans: July 2004.		
Plan	Number of Employees	Bone Density Testing
Anthem Traditional I	15,635	No
Anthem Traditional II	6,376	No
Advantage I	440	No
Advantage II	13	No
Arnett I	1,106	Yes
Arnett II	59	Yes
M-Plan I	12,422	Yes
M-Plan II	716	Yes
Total	36,767	

Requiring bone density testing could result in an increase in premiums for both Anthem and Advantage.

Increased Premiums for Anthem: The increase in premiums for Anthem is estimated to equal \$1.74 per employee per month. As of July 2004, Anthem maintained a state employee enrollment of 22,011, including Anthem Traditional I and II. (Sixty percent of all state employees enrolled in Anthem.) A \$1.74 increase per employee per month would equal approximately \$460,000 ($\$1.74 \text{ increase} * 22,011 \text{ enrollees} * 12 \text{ months}$).

Increased Premiums for Advantage: Advantage estimates a 0.50% increase in premiums to the state plan to provide coverage. State-paid biweekly rates for 2004 for Advantage I equaled \$385 for family coverage and \$140 for single coverage with an employee-paid portion of \$144 for family and \$70 for single coverage. Total biweekly rates equaled \$529 for family and \$210 for single coverage. As of July 2004, 203 state employees were enrolled in the Advantage I single coverage while 237 were enrolled in the family coverage.

State-paid biweekly rates for 2004 for Advantage II equaled \$385 for family coverage and \$140 for single coverage with an employee-paid portion of \$108 for family and \$55 for single coverage. Total biweekly rates equaled \$493 for family and \$195 for single coverage. As of July 2004, 3 state employees were enrolled in the Advantage II single coverage while 10 were enrolled in the family coverage.

A 0.50% increase in the single premium for Advantage I would equal \$5,541 (the \$210 biweekly rate * a 0.005 increase * 26 pay periods * 203 singles). A 0.50% increase in the family premium would equal \$16,298 (the \$529 biweekly rate * a 0.005 increase * 26 pay periods * 237 families). Total increases for Advantage I would equal an estimated \$22,000.

A 0.50% increase in the single premium for Advantage II would equal \$76 (the \$195 biweekly rate * a 0.005 increase * 26 pay periods * 3 singles). A 0.50% increase in the family premium would equal \$640 (the \$493 biweekly rate * a 0.005 increase * 26 pay periods * 10 families). Total increases for Advantage II would equal an estimated \$700.

Explanation of State Revenues:

Explanation of Local Expenditures: Local government groups enrolled in the Local Unit Government Employees (LUGE) health plan may experience increased costs. The LUGE participants have the same benefits as state employees, but are part of a separate risk pool. Costs to the LUGE will be disproportionately higher than that for state employees due in part to a smaller risk pool. As of 2003, 28 local government groups were enrolled in the plan, providing coverage for 868 employees.

In addition, school corporations and local governments purchasing health benefit coverage on their own may incur increased premiums. The specific impact is indeterminable, but would depend on current health care coverage. Whether local units would absorb this cost or pass the cost on to employees is unknown, as cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: School districts and local governments purchasing health benefit coverage.

Information Sources: Keith Beesley, State Department of Personnel, 232-3062; Belinda Johnson, Advantage Health, 580-8467; Mike Mulcahy, M-Plan, 705-3105; Dawn Daubenspeck, Anthem, 287-5793; Tami Tatman, Arnett, 765-448-7714.

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