

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6452**

**BILL NUMBER: SB 300**

**NOTE PREPARED:** Dec 10, 2004

**BILL AMENDED:**

**SUBJECT:** State Coverage for Papanicolaou Tests.

**FIRST AUTHOR:** Sen. Simpson

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires a state employee health benefit plan, Medicaid, and an Indiana Comprehensive Health Insurance Association policy to cover Papanicolaou testing.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** All four state health insurance providers and the Medicaid program cover Papanicolaou testing. So, there would be no additional costs for these programs. However, the Indiana Comprehensive Health Insurance Association (ICHIA) does not currently provide for Papanicolaou testing unless there is a history of cervical cancer in the family. Costs for the tests are estimated at between \$30 and \$40. Testing, however, could reduce costs in the long run to the extent that early detection may reduce costs associated with treatment of advanced conditions.

*ICHIA Background:* All carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers providing health insurance or health care services in Indiana are ICHIA members. ICHIA determines net premiums, administrative expenses, and incurred losses for the year. Beginning January 1, 2005, 25% of any net loss is assessed members in proportion to their respective shares of total health insurance premiums, and 75% of the net loss is to be paid by the state. Net gains, if any, must be held at interest to offset future losses or allocated to reduce future premiums.

To be eligible for an ICHIA policy, an Indiana resident must show evidence of being denied insurance coverage under any insurance plan that meets or exceeds the minimum requirements for accident and sickness insurance policies issued in Indiana without material underwriting restriction; an insurer has refused to issue insurance

except at a rate exceeding the ICHIA plan rate; or the individual is eligible under the federal Health Insurance Portability and Accountability Act (HIPAA). The individual may not be eligible for Medicaid or Medicare. ICHIA provides health coverage to approximately 8,500 individuals. Members who have paid assessments prior to January 1, 2005, may take a credit against premium taxes, adjusted gross income taxes for each calendar year in which the assessments were paid and for succeeding years until the aggregate of those assessments have been offset by either credits against those taxes or refunds from the Association. Members may include in premiums charged for insurance policies amounts sufficient to recoup a sum equal to the amounts paid to the Association.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** ICHIA

**Local Agencies Affected:**

**Information Sources:** Belinda Johnson, Advantage Health, 580-8467; Mike Mulcahy, M-Plan, 705-3105; Dawn Daubenspeck, Anthem, 287-5793; Tami Tatman, Arnett, 765-448-7714.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.