

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7870

BILL NUMBER: SB 454

NOTE PREPARED: Jan 10, 2005

BILL AMENDED:

SUBJECT: Health benefit mandate moratorium.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for a four-year period during which an accident and sickness insurer or a health maintenance organization may provide a policy or contract without complying with certain health benefit mandates.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill will result in no additional state or local expenditures for health benefit mandates (other than federal) that may be enacted for the four-year period that includes 2006 through 2009. The bill provides that an insurer or a health maintenance organization is not required to comply with any health benefit mandate in connection with a policy of accident and sickness insurance or health benefit contract that is issued, delivered, or renewed after December 31, 2005, and before January 1, 2010, unless the health benefit mandate is in effect on July 1, 2005. This proposal will result in no additional health insurance costs to the state or local unit, assuming that the state or local unit does not elect to comply with any mandates that are enacted. Costs incurred by the state or local unit for health insurance costs are either paid by the state or local unit as the employer or passed on to state or local employees.

This moratorium on health benefit mandates will not alter the existing cost trends associated with price and utilization of medical services. However, the costs associated with any additional health benefit mandates that might be enacted between 2006 and 2010 would not be realized until 2010.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*, above.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local units of government and school corporations that purchase group insurance or HMO coverage.

Information Sources:

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