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FISCAL IMPACT STATEMENT

LS 6973
BILL NUMBER: HB 1284

NOTE PREPARED: Feb 26, 2008
BILL AMENDED: Feb 26, 2008

SUBJECT: Insurance.

FIRST AUTHOR: Rep. Fry
FIRST SPONSOR: Sen. Paul

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Department of Insurance (DOI).* This bill permits a group life insurance policy to cover a spouse or dependent child for more than 50% of the amount provided for the insured. The bill exempts a commissioner of insurance request for certain information from the requirement to issue an examination warrant. The bill revises the accident and sickness insurance form filing requirements concerning commissioner actions.

Dialysis Treatment Coverage. The bill prohibits an accident and sickness insurer and a health maintenance organization from requiring a patient to travel more than 30 miles from home for dialysis treatment coverage.

Department of State Revenue (DOR). It requires certain reporting to the Health Finance Commission.

Office of the Secretary of Family and Social Services. It requires the Office of the Secretary of Family and Social Services to report to the Health Finance Commission certain information regarding the Indiana Check-Up Plan.

Effective Date: (Amended) Upon passage; July 1, 2008.

Explanation of State Expenditures: *Department of Insurance.* If the Commissioner of the DOI adopted rules to reflect the above changes, any additional expenses associated with adopting rules can be covered using the DOI's existing level of resources. The bill also exempts the Commissioner from the requirement to issue an examination warrant for certain information. This provision could reduce expenditures by a minimal amount.

(Revised) *Dialysis Treatment Coverage.* The bill would affect the state to the extent that the state contracts with an HMO for health services. Welborn HMO Plan is available to state employees that live or work in Daviess, Dubois, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick Counties. In order to provide the coverage necessary to meet the proposal, Welborn could experience an increase in costs that may be passed on to the state.

Any increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would pass the costs on to employees.

(Revised) *Family and Social Services Administration (FSSA)* -The bill requires the FSSA to report the following information to the Health Finance Commission in regard to the Indiana Check-Up Plan:

(1) An update on the implementation of the program.
(2) The number of individuals who have applied for the program.
(3) The number of individuals participating in the program and their federal income level.

These provisions are in effect until December 31, 2010.

The FSSA's current level of resources should be sufficient to implement this requirement. The state vacant position report for February 14, 2008, indicates that the FSSA had 184 vacant full-time positions.

(Revised) *DOR* - The bill requires the DOR to submit an electronic report to the Health Finance Commission no later than September 1st of each year. The report is to include the following information regarding the Health Benefit Tax Credit:

(1) The number of taxpayers that have taken the first-year credit and the second-year credit in the previous taxable year.
(2) The amount of each credit taken.
(3) The amount of any carryover credit.

Additionally, the report is required to include any credit taken against the Insurance Premiums Tax which the DOR may get from the DOI. The DOR's current level of resources should be sufficient to implement this requirement. The state vacant position report for February 14, 2008, indicates that the DOR had 121 vacant full-time positions.

(Revised) <u>*Background-*</u> Under current law, the Health Benefit Tax Credit may be claimed against a taxpayer's state tax liability if the taxpayer makes health insurance available to the eligible taxpayer's employees and their dependents through at least one health benefit plan. The credit may be claimed for two years only if the following requirements are met:

(1) An employee's participation in the health benefit plan is at the employee's election.
(2) If an employee chooses to participate in the health benefit plan, they may pay their share of the cost of the plan using a wage assignment.

The credit is equal to the lesser of $2,500 or $50 multiplied by the number of employees enrolled in the health benefit plan during the taxable year.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) School corporations and local governments purchasing health benefit coverage could see a change in expenditures for health insurance. The specific impact is indeterminable, but would depend on current health care coverage and cost sharing of health benefit premiums, which could vary widely by locality.

Explanation of Local Revenues:

State Agencies Affected: Office of the Secretary of Family and Social Services, State Personnel Department, DOR, DOI.

Local Agencies Affected: Local governments and school corporations.

Information Sources: DOI; State Personnel Department

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