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FISCAL IMPACT STATEMENT

LS 6973
BILL NUMBER: HB 1284

NOTE PREPARED: Mar 17, 2008
BILL AMENDED: Mar 14, 2008

SUBJECT: Insurance.

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

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *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 a certain distance for dialysis treatment as a condition of coverage or reimbursement.

Dialysis Study Committee. The bill establishes a study committee on dialysis coverage.

Effective Date: 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.

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.

Dialysis Study Committee. The bill establishes a study committee on dialysis coverage. The committee consists of 8 legislators and the executive director of the Indiana Comprehensive Health Insurance Association. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members. The Legislative Services Agency (LSA) will provide staff for the committee. Expenses of the committee will be paid from the LSA budget, which is funded through General Fund appropriations.

Explanation of State Revenues:

Explanation of Local Expenditures: 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: State Personnel Department, DOI.

Local Agencies Affected: Local governments and school corporations.

Information Sources: DOI; State Personnel Department

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