

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**LRB # 99-2896/1**

**INTRODUCTION # 99 SB 308**

Admin. Rule #

**Subject**

Health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse problems.

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  
  Yes    No

- Increase Existing Appropriation                       Increase Existing Revenues  
 Decrease Existing Appropriation                       Decrease Existing Revenues  
 Create New Appropriation

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
      Permissive       Mandatory  
 2.  Decrease Costs  
      Permissive       Mandatory

3.  Increase Revenues  
      Permissive       Mandatory  
 4.  Decrease Revenues  
      Permissive       Mandatory

5. Types of Local Governmental Units Affected:  
 Towns                       Villages                       Cities  
 Counties                       Others \_\_\_\_\_  
 School Districts                       WTCS Districts

**Fund Sources Affected**

- GPR    FED    PRO    PRS    SEG    SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

SB 308 prohibits all group health policies offered by the State to its employees and annuitants and to participating local governments from including limitations on mental health or alcohol or other drug abuse treatment (AODA) that are not applied to other medical services. This proposal will have a fiscal effect to the extent that it increases premium paid by the State and participating local governments for health insurance coverage.

Currently, due to the federal Mental Health Parity Act (MHPA), the state health program adheres to most of the requirements of SB 308. Under the MHPA, the annual dollar limits for mental health services under the State health insurance program have been temporarily suspended since 1998. However, an annual maximum of 30-days is applied to inpatient mental health treatment. In addition, the program currently limits annual coverage for AODA to \$6,300 for inpatient services, \$1,800 for outpatient services and \$2,700 for transitional services.

The impact of SB 308 on the State health insurance program would be to:

- Permanently suspend the annual dollar maximums for outpatient and transitional mental health services.
- Remove annual dollar maximums for AODA treatment.
- Eliminate the annual 30-day inpatient limit for mental health services.

The federal Mental Health Parity Act includes an exemption if the cost of parity exceeds 1% of the program's costs. For this reason, the effect of the federal MHPA is being studied to determine whether it has increased health plan costs by 1% or more. SB 308 does not include such an exemption. Therefore, the cost of SB 308 will vary, depending upon whether it is determined that the federal MHPA does not apply to the state program.

According to information provided by the consulting actuary to the Group Insurance Board, the estimated fiscal impact of SB 308 could range from \$345,600 annually (\$.20 per member per month x 150,000 members x 12 months x .96 the state's share of the cost) if the health plans remain subject to the MHPA, to a minimum of \$3 million (\$1.70 per member per month x 150,000 members x 12 months x .96) if MHPA does not apply.

**Long-Range Fiscal Implications:**

On-going.

**Prepared By: / Phone # / Agency Name**

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266-3763 *David Henrichs*

**Date**

1-11-00

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

1999 Session

ORIGINAL  
 CORRECTED  
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**INTRODUCTION # 99 SB 308**

**Subject**

Health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse problems

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

<b>II. Annualized Costs:</b>		<b>Annualized Fiscal impact on State funds from:</b>	
		<b>Increased Costs</b>	<b>Decreased Costs</b>
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$ -
(FTE Position Changes)		( FTE)	(- FTE)
State Operations - Other Costs		\$345,600 - \$3 million	-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>TOTAL State Costs by Category</b>		<b>\$ 345,600 - 3 million</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>		<b>Increased Costs</b>	<b>Decreased Costs</b>
GPR		\$155,500 - \$1.35 million	\$ -
FED			-
PRO/PRS		\$190,100 - \$1.65 million	-
SEG/SEG-S			-
<b>State Revenues</b> Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>TOTAL State Revenues</b>		<b>\$345,600 - \$3 million</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$345,600 - \$3 million	\$
NET CHANGE IN REVENUES	\$	\$

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