

**FISCAL ESTIMATE FORM**

**1999 Session**

ORIGINAL

UPDATED

**LRB # - 4418/1**

CORRECTED

SUPPLEMENTAL

**INTRODUCTION # AB 793**

**Admin. Rule #**

**Subject**

Mental health insurance parity

**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

Decrease Costs

Create New Appropriation

Local:  No local government costs

1.  Increase Costs

Permissive  Mandatory

3.  Increase Revenues

Permissive  Mandatory

5. Types of Local Governmental Units Affected:

Towns  Villages  Cities

2.  Decrease Costs

Permissive  Mandatory

4.  Decrease Revenues

Permissive  Mandatory

Counties  Others \_\_\_\_\_

School Districts  WTCS Districts

**Fund Sources Affected**

GPR  FED  PRO  PRS  SEG  SEG-S

**Affected Ch. 20 Appropriations**

20.435 (4) (v)

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

This bill removes the specified minimum amounts of coverage that a group health insurance policy must provide for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems but retains the requirement with respect to providing the coverage. In addition, the bill imposes a new requirement that the coverage under group health benefit plans and self-insured health plans for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems must be the same as the coverage under those plans for the treatment of physical conditions. The bill specifies that if an individual health insurance plan does provide coverage for mental health and AODA treatment, the individual insurance plan must provide the same coverage for that treatment that it provides for the treatment of physical conditions. The bill further specifies that the requirements apply to all coverage-related components, including deductibles; coinsurance; copayments; out-of-pocket limits, or appointment limits, etc.

This bill would affect DHFS's Health Insurance Risk Sharing Plan (HIRSP) program. Funding for the HIRSP program is provided by state GPR, policyholder premiums, assessments to the insurance industry, and assessments to health-care providers in the form of provider discounts. Because the level of state GPR support for the program is fixed, policyholders, the insurance industry and health-care providers support any additional cost to the program in a 60/20/20 split, respectively.

The HIRSP program currently provides coverage for mental health and AODA treatment with the following limits: inpatient AODA treatment is limited to 30 days per calendar year; inpatient mental health treatment is limited to 60 days per calendar year; and outpatient AODA and mental health treatment is limited to a total of \$3,000 per calendar year. The proposed bill would force the HIRSP program to remove the limits on the number of days or annual expenditures for these treatments.

In 1999, 145 claims for a total of \$32,400 were denied for exceeding the annual limits for mental health coverage provided by the HIRSP program. This is the estimated fiscal effect of the proposed bill. It is possible that additional claims were not submitted because policyholders knew that these claims would have been denied due to coverage limitations. It is not possible to estimate the number of claims or the cost of services provided. However, they could increase the estimated cost of the proposal.

**Prepared By: / Phone # / Agency Name**  
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*John Kiesow*  
John Kiesow, 266-9622

**Date**

3-8-00

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

1999 Session

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

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations – Salaries and Fringes	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations	32,400	-
<b>TOTAL State Costs by Category</b>	<b>\$ 32,400</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>	<b>Increased Costs</b>	<b>Decreased Costs</b>
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S	32,400	-
<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>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 32,400	\$0
NET CHANGE IN REVENUES	\$0	\$0

Prepared By: / Phone # / Agency Name Richard T. Chao / 267-0356 DHFS/OSF	Authorized Signature/Telephone No.  John Kiesow, 266-9622	Date 3-8-00
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