

Fiscal Estimate Narratives

DHFS 7/22/2003

LRB Number	03-1978/2	Introduction Number	SB-71	Estimate Type	Original
Subject					
Treatment of prescription drug costs under AODA coverage					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, group or blanket disability insurance policies are required to cover nervous and mental disorders and alcoholism and other drug abuse (AODA) problems up to certain financial limits.

Senate Bill 71 specifies that the minimum coverage limits required for the treatment of nervous and mental disorders and AODA problems do not include costs incurred for prescription drugs and diagnostic testing. Diagnostic testing is defined as procedures used to exclude the existence of conditions other than nervous and mental disorders and AODA problems. The Department of Health and Family Services (DHFS) may determine by rule the diagnostic tests to be excluded. This legislation also provides that if an insurer pays less than the amount a provider charges, the required minimum coverage limits apply to the amount actually paid by the insurer rather than the amount charged by the provider.

The Health Insurance Risk Sharing (HIRSP) program would be subject to the statutory changes in Senate Bill 71. However, HIRSP currently does not include the costs of prescription drugs and diagnostic tests as part of nervous and mental health and AODA treatment limits. Also, the HIRSP program calculates the cost of nervous and mental health and AODA treatments based on the HIRSP allowable cost, not on what is billed by the provider. Therefore, Senate Bill 71 will not have a fiscal impact on the HIRSP program.

Long-Range Fiscal Implications