OFFICE OF FISCAL ANALYSIS

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sHB-6711
AN ACT CONCERNING MANDATED HEALTH INSURANCE BENEFIT REVIEW.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 $	FY 25 $
Insurance Dept.	IF - Revenue Gain	Same as Cost	Same as Cost
Insurance Dept.	IF - Cost	Same as Revenue	Same as Revenue

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill modifies the Health Benefit Review Program (HBRP), which is likely to result in an increase in costs and an equivalent increase in revenue to the Insurance Fund beginning in FY 24, and annually thereafter.

Under the program, the Insurance Department (DOI) contracts with outside entities to conduct reviews of proposed health insurance benefit mandates. These contract costs are paid for through an assessment on insurers, so the bill's changes to the program are not anticipated to result in a net fiscal impact to the state.

Costs (and offsetting revenue) under the bill are anticipated to range between $65,000 and $80,000 per health benefit mandate reviewed each fiscal year. The bill makes various changes that impact costs under the program that are discussed below.

First, the bill requires DOI to conduct reviews for every proposed mandate that receives a public hearing during a regular session. To the extent the Insurance and Real Estate Committee continues to hold public hearings for numerous proposed health benefit mandates per year, the bill will result in more frequent use of the program. The last time the program reviewed mandates was in FY 15; however, more than 20 proposed mandates have had public hearings across the last three sessions.

Second, the bill requires DOI to submit a version of the currently required report on each mandate to the committee by April 15th of the same session, significantly shortening the time for review. Under current law, DOI must receive the list of mandates to study by August 1 and provide the report by January 1 of the following year. Because of the very short time to complete the reviews (as little as one month) that is allowed under the bill, DOI may incur higher contract costs for reviews.

Partially offsetting the above factors, the bill makes other changes that are likely to reduce costs, such as allowing DOI to contract directly with an actuarial accounting firm to conduct the reviews and reducing the criteria that must be included in the report for each benefit mandate.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.