Legislative Fiscal Bureau
Fiscal Note

SF 2289 - Mental Health & Substance Abuse Insurance Parity (LSB 6583 SV)
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Fiscal Note Version - New

Description

Senate File 2289 creates Chapter 514C.21, Code of Iowa, and requires that a policy, contract, or plan providing for third-party payment or prepayment of health or medical expenses must provide coverage benefits for neurobiological disorders and underlying co-morbidity based on rates, terms, and conditions that are no more restrictive than the rates, terms, and conditions associated with coverage benefits provided for other conditions under the policy, contract, or plan, delivered, issued for delivery, continued, or renewed in Iowa on or after January 1, 2003.

Co-morbidity means the coexistence of conditions or diagnosable disorders such as neurobiological disorders and substance abuse.

The Bill requires a joint study by the Insurance Division of the Department of Commerce and the State Auditor regarding the costs of providing neurobiological disorder coverage benefits to be submitted to the General Assembly by January 30, 2005.

The Bill also requires a two-year study of the mental health delivery system coordinated by the Department of Public Health for presentation to the General Assembly by November 1, 2004.

Assumptions

1. Total FY 2003 State employee health and medical costs would be approximately $211.0 million, not including professional and faculty at regent institutions, and employees on a Managed Care Organization (MCO) plan not on central payroll.
2. Total plan costs would increase an estimated 2.5% in FY 2003.
3. Six months of FY 2003 will be impacted.
4. Co-morbidity costs will increase at the same rate as other medical condition costs.
5. The projection for FY 2003 assumes a total plan increase of 15.0% compared to FY 2002, without any changes in benefits.
6. The projection for FY 2004 assumes a total plan increase of 10.0% compared to FY 2003, without any changes in benefits.
7. The proportion of General Fund is assumed to be 53.0%, the federal portion is assumed to be 35.0%, and the employee share is assumed to be 12.0%.
8. The amount paid by Medicaid for people who are suffering from co-morbidity, as defined in the Bill, because their private insurance does not provide sufficient coverage, is unknown.

Fiscal Impact

Senate File 2289 would cost the General Fund an estimated $1.4 million in FY 2003 and $3.1 million in FY 2004.

In addition, the General Fund would have a cost of approximately $100,000 and 1.5 FTE positions, in each FY 2003 and FY 2004, to complete the required studies in the Bill.

The federal fund cost would be $923,000 for FY 2003, and $2.0 million for FY 2004.

The employee share of the increase would be $316,000 for FY 2003 and $696,000 for FY 2004.

Sources

Department of Personnel
Board of Regents
Wellmark Blue Cross and Blue Shield of Iowa Legislature
The Segal Company

/s/ Dennis C Prouty

March 18, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.