

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB619

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron** Carrico

**3. Committee** Commerce and Labor

**4. Title** Insurance; accident and sickness; mandated coverage for infertility.

**5. Summary/Purpose:**

Requires the state health plan, health insurers, health maintenance organizations and corporations providing accident and sickness subscription contracts to provide coverage for the treatment of infertility. The bill's provisions are applicable to policies, plans, and contracts delivered, issued for delivery, or renewed on and after July 1, 2004. They are not applicable to short-term travel, accident-only, limited, or specified disease policies, or to short-term nonrenewable policies of not more than six months' duration.

**6. Fiscal Impacts are:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	0	0	N/A
2004-05	2,098,080	0	GF
2004-05	1,830,240	0	NGF
2004-05	535,680	0	Employee Cost
2005-06	2,307,888	0	GF
2005-06	2,013,264	0	NGF
2005-06	589,248	0	Employee Cost
2006-07	2,538,677	0	GF
2006-07	2,214,590	0	NGF
2006-07	648,173	0	Employee Cost
2007-08	2,792,544	0	GF
2007-08	2,436,049	0	NGF
2007-08	712,990	0	Employee Cost
2008-09	3,071,799	0	GF
2008-09	2,679,654	0	NGF
2008-09	784,289	0	Employee Cost
2009-10	3,378,979	0	GF
2009-10	2,947,620	0	NGF
2009-10	862,718	0	Employee Cost

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	0	0	N/A
2004-05	4,464,000	0	State employee health insurance fund
2004-05	936,000	0	Local choice health insurance fund
2005-06	4,910,400	0	State employee health insurance fund
2005-06	1,029,600	0	Local choice health insurance fund
2006-07	5,401,440	0	State employee health insurance fund
2006-07	1,132,560	0	Local choice health insurance fund
2007-08	5,941,584	0	State employee health insurance fund
2007-08	1,245,816	0	Local choice health insurance fund
2008-09	6,535,742	0	State employee health insurance fund
2008-09	1,370,398	0	Local choice health insurance fund
2009-10	7,189,317	0	State employee health insurance fund
2009-10	1,507,437	0	Local choice health insurance fund

**7. Budget amendment necessary:** Yes, \$2,098,080 GF in FY 2005 and \$2,307,888 GF in FY 2006 would need to be added to Item 500 of the Budget Bill. In addition, \$936,000 NGF in FY 2005 and \$1,029,600 NGF in 2006 would be required in Item 87 of the Budget Bill.

**8. Fiscal implications:** The Department of Human Resource Management (DHRM) and Anthem indicate that the proposed legislation would add between \$1.30 to \$2.70 per covered member (including dependents) per month to the state employee health insurance program and the local choice health insurance plan. The amount shown above assumes the midpoint between \$1.30 and \$2.70, or \$2.00 per member per month. In addition, the cost above for each year beyond fiscal year 2005 is calculated by inflating the previous year's cost by 10 percent to reflect the continued rise in the cost of health insurance.

The state employee health insurance program currently has approximately 186,000 covered members including dependents. A \$2.00 increase per month per member results in a total cost of \$4,464,000 (\$2.00 X 12 months X 186,000 members).

Out of the total \$4,464,000 cost, approximately 47 percent will be covered by state agencies funded from the general fund, 41 percent will be covered by agencies funded through nongeneral fund sources (such as VDOT), and 12 percent will be paid directly by the employee. This results in a GF cost of \$2,098,080, an NGF cost of \$1,830,240 and a cost to the employees of \$535,680 in the first year of the 2005-06 biennium. (As previously

mentioned, the costs for the fiscal years beyond FY 2005 are calculated by inflating the previous year by 10 percent.)

Not included in the expenditure amounts in Item 6 is the local cost of the proposed legislation. In the Local Choice program administered by DHRM, the cost to localities and their employees would be \$936,000 in FY 2005. This does not include the cost to other localities that provide health insurance to their employees under separate programs.

**9. Specific agency or political subdivisions affected:** All state agencies and institutions of higher education as well as all other political subdivisions.

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 1/22/04

**Document:** JDH G:\2004Session\EFIS\DHRM-HIF\HB619\HB619.DOC

cc: Secretary of Administration