

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7369

BILL NUMBER: HB 2034

DATE PREPARED: Feb 16, 1999

BILL AMENDED: Feb 15, 1999

SUBJECT: Coordination of Insurance with State Programs

FISCAL ANALYST: Alan Gossard

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill adds two members to the Interagency Coordinating Council to include a representative of a Head Start agency or program in Indiana and a representative of a state agency responsible for child care. The bill requires that the Interagency Coordinating Council meet quarterly. (Current law provides for at least four meetings per year.)

The bill also requires state employee health benefit plans, state educational institution employee health plans, and health insurance plans to reimburse the First Steps program of the Division of Family and Children for covered early intervention services provided under the program. The bill limits reimbursement to the First Steps program to a maximum of \$5,000 per year. It also prohibits the amount reimbursed to the First Steps program from applying to an annual or lifetime maximum benefit under a plan. The bill requires a plan to deem amounts paid by the First Steps program and covered under the plan as amounts paid by the First Steps child for purposes of out-of-pocket expenses payable by the child under the plan.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill requires state employee health plans and state university self-insured health plans to reimburse the First Steps Program for the costs of early intervention services if these health plans provide coverage for these services. To the extent that these services are not currently paid through the traditional indemnity plans or through the HMO plans as part of the state employee health benefit package or the state university self-insured plan, there would be additional costs incurred by these plans. Additional costs to the plans may be reflected in increased premiums and enrollment fees. Increased premiums and fees, however, may or may not result in additional costs to the state depending upon administrative action as to the determination of the employer/employee cost share for health insurance benefits. The state currently pays about 95% of aggregate employee health plan costs.

Total expenditures under the First Steps Program was about \$26.9 million in FY97. State funds represent

approximately 60% of total expenditures. The portion of these expenditures that would be reimbursed by the state employee and state university health plans is not known. Reimbursement by health plans for early intervention services would also either: (a) reduce the expenditures for the First Steps Program or (b) allow the First Steps Program funds to provide services to more children.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill could impact the costs of health benefit plans provided by local governments and school corporations to their employees. The impact on an individual health plan would vary depending upon plan structure and type. Similar to the State, increased premiums and enrollment fees may or may not result in additional costs to local governments and school corporations depending upon administrative action as to the determination of the employer/employee cost share for health insurance benefits.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: Local Governments and School Corporations

Information Sources: Maureen Greer, First Steps Program, 232-2429.
Karen Kinder, Family and Social Services, 232-5659.