

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

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 8082**

**BILL NUMBER: HB 2041**

**DATE PREPARED:** Jan 24, 1999

**BILL AMENDED:**

**SUBJECT:** Public Employer Self-insurance.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires a self-insurance program established or maintained by a public employer for coverage of health care services for the public employer's employees to meet certain minimum standards established by the Department of Insurance. This bill provides that contributions made by public employers or employees for coverage of health care services may not be transferred to other accounts or used for any other purpose. It also requires the Commissioner to adopt rules. The bill requires the Commissioner to submit an evaluation of compliance with the act to the Legislative Council and the Governor before July 1, 2002.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill could result in significant additional expenditures by the Department of Insurance from the additional monitoring and regulatory responsibilities created by this bill. The Department is to establish minimum standards to ensure that individuals covered under self-insurance programs of public employers have the same consumer protections afforded individuals covered by health insurers and health maintenance organizations (HMOs). The additional resources required by the Department of Insurance are not known at this time.

The total premiums written in Indiana for all lines of insurance in 1997 was about \$9.191 billion. Of this amount, about \$3.888 billion (about 42%) was for health insurance and HMO premiums. The Department of Insurance has 81 employees (about \$3.5 million in salary and benefits) who are not assigned to a dedicated fund and, thus, are assumed to be involved in monitoring and regulatory activities for all insurance. The number of self-funded public employee health plans in Indiana is not currently known.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local governments and school corporations with self-funded health

benefit programs will be subject to Department of Insurance regulation under this bill. These provisions could result in additional costs for these entities.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance

**Local Agencies Affected:** Local Governments and School Corporations

**Information Sources:**