

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

301 State House
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FISCAL IMPACT STATEMENT

LS 8042

BILL NUMBER: HB 2043

DATE PREPARED: Apr 6, 1999

BILL AMENDED: Apr 5, 1999

SUBJECT: Various Insurance Matters.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that a current or former member of the General Assembly may choose to participate in a state employee health benefit plan or the self insurance plan established by the State Police Department.

This bill revises the composition of the board of directors of the Indiana Insurance Guaranty Association.

The bill also provides that a health maintenance organization may not discriminate against a provider acting within the scope of the provider's license or certificate on the basis of the provider's license or certificate.

This bill also specifies that the Patient Compensation Fund surcharge for qualified providers other than physicians and hospitals may not exceed the actuarial risk posed to the fund by those qualified providers. It also makes a conforming amendment to the Medical Malpractice Act's settlement procedure by increasing the policy limit amount from \$100,000 to \$250,000.

Effective Date: (Amended) July 1, 1999.

Explanation of State Expenditures: (Revised) *Health Insurance for Legislators:* The bill provides that current and former members of the General Assembly that meet certain requirements may choose to obtain health insurance coverage under the self-insurance plan established by the State Police Department or the State Personnel Department or through a prepaid health care delivery plan. At this time, there are 86 current members of the House and 34 current members of the Senate participating in the state employee health benefit plans. (The number of retired legislators participating in the state employee plans is not determined at this time.) For legislators who would choose to switch from a state employee indemnity insurance plan to the State Police health plan, the additional cost to the state currently is \$40.56 per year per employee. The additional cost to the state will depend upon how many current legislators would choose to change to the State Police health plan. [If the opportunity to participate in the State Police health insurance plan provided

sufficient incentive for a current legislator who is not currently on the state employee health plans to, now, participate in the State Police plan, the cost to the state would be \$2,216 (single plan) to \$5,495 (family plan) per legislator.)

Ultimately, the additional cost to the state will depend upon how many current legislators would choose to participate in the State Police health plan. (Retired employees are currently required to pay the entire cost of their health insurance premium, so there would be no direct impact on state costs.)

Patients Compensation Fund (PCF): Several code provisions regarding the Patients Compensation Fund were raised from \$100,000 to \$250,000 in the 1998 General Assembly. This bill changes this code provision to be consistent with those changed last year. Current statute provides for the calculation of the PCF surcharge based on the assumption that the Fund will pay only when the malpractice damages exceed \$250,000. However, this code provision, in its current form, allows a plaintiff to seek payment from the Fund if their malpractice settlement exceeds \$100,000. Passage of the provision's in this bill will make the PCF payout provisions consistent with the provisions regarding the Fund's surcharge calculation.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance, State Police Department, Department of Personnel, Indiana Insurance Guaranty Association.

Local Agencies Affected:

Information Sources: Department of Administration, State Budget Committee.
Liz Carroll, Department of Insurance, 232-2406.