OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 547
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. LaRe

Local Impact Statement Procedure Required: No

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Highlights

- The bill may increase the Department of Insurance's administrative cost to ensure health insurers adhere to the bill's provisions and insurance regulations. Any increase in such cost would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The bill specifies that a violation of its requirements is considered an unfair and deceptive practice in the business of insurance. Under existing law, any penalties collected due to such violations would be credited to Fund 5540 and be used to offset the Department's costs.
- The bill's provisions are not likely to increase statewide overall costs for the state and local governments to provide health benefits to employees and their beneficiaries.

Detailed Analysis

The bill prohibits health benefit plans from imposing a cost sharing[1] requirement, on a per day basis, for services rendered by an occupational therapist or physical therapist licensed under Chapter 4755 of the Revised Code that is greater than the cost-sharing requirement imposed by the plan for an office visit to a primary care physician or primary care osteopath physician licensed pursuant to Chapter 4731 of the Revised Code. The prohibition applies to health benefit plans on and after the bill's effective date. The bill also requires health plan issuers to clearly state on their websites and on all relevant literature that coverage for

[1] The bill defines "cost sharing" as the cost to an individual covered under a health benefit plan according to any coverage limit, copayment, coinsurance, deductible, or other out-of-pocket expense requirements imposed by a health benefit plan.

occupational and physical therapy services is available under the issuer's health benefit plans, as well as all related limitations, conditions, and exclusions.

The bill specifies that a violation of its requirements is considered an unfair and deceptive practice in the business of insurance under sections 3901.19 to 3901.26 of the Revised Code. Under existing law, the Superintendent of Insurance is authorized to assess an insurer for half of the Department of Insurance's costs, up to $100,000, reasonably incurred to conduct investigations of that insurer's committing unfair or deceptive acts in the business of insurance; violations of a cease and desist order issued by the Superintendent may lead to a court order of civil penalties up to $3,500 for each violation or a total of $35,000 in any six-month period.

The bill includes provisions that exempt the bill's requirements from the existing requirement related to mandated health benefits. Under existing law, no mandated health benefits legislation enacted by the General Assembly after January 14, 1993, may be applied to sickness and accident or other health benefits policies, contracts, plans, or other arrangements until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state or by any agency or instrumentality of the state or any political subdivision of the state.

The bill's requirements apply to a policy, contract, certificate, or agreement offered by a health plan issuer as defined under section 3922.01 of the Revised Code. Health plan issuers include a sickness and accident insurance company, a health insuring corporation, a fraternal benefit society, a self-funded multiple employer welfare arrangement, or a nonfederal, government health plan.

Fiscal effect

The bill may increase the Department of Insurance's administrative costs to ensure health insurers adhere to the bill's requirements and insurance regulations. Any increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540).[2] Any civil penalties that may arise due to violations of the bill's requirements, depending on the number of such violations, would be deposited into Fund 5540.

The bill has no direct fiscal effect on the state and local governments' health benefit plans for employees and their dependents. Health benefit plans may adjust their cost-sharing requirements related to services rendered by both an occupational therapist or physical therapist and a primary care physician or primary care osteopath physician to comply with the bill's requirements, thus their overall costs may not increase.

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[2] Revenue to Fund 5540 comes from various fees imposed on insurance companies, primarily insurance agent license fees and agent appointment fees.