OHIO LEGISLATIVE SERVICE COMMISSION

www.lsc.ohio.gov

Office of Research and Drafting

Legislative Budget Office

H.B. 443
133rd General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 443's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Plummer and Russo

Local Impact Statement Procedure Required: No

Ruhaiza Ridzwan, Senior Economist, and other LBO staff

Highlights

- Enforcement duties, including to evaluate all consumer complaints, imposed on the Department of Insurance may increase departmental administrative costs. Such costs would be paid from the Department of Insurance Operating Fund (Fund 5540).[1]
- The bill's requirements are not likely to increase statewide overall costs for local governments to provide health benefits to employees and their beneficiaries.

Detailed Analysis

Health insurers

The bill repeals current mental health coverage requirements for biologically based mental illnesses, i.e., that benefits for the diagnosis and treatment of such illnesses be provided on the same terms and conditions as benefits provided under the policy or plan for the diagnosis and treatment of all other physical diseases and disorders (generally referred to as "mental health parity"); the bill also repeals mental health minimum coverage requirements that apply to certain sickness and accident insurers and self-insured plans. In place of these requirements, the bill requires a health plan issuer and health benefit plan offered in the state that is subject to the federal Mental Health Parity and Addiction Equity Act (MHPAEA) to meet

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

the requirement of the MHPAEA.[2] The bill also specifies certain requirements related to any prescription medication prescribed for the treatment of a substance use disorder for such health benefit plans.

The bill includes a provision that exempts the requirements associated with health benefit plans subject to MHPAEA from the mandated health benefits application under existing law. Under current law, no mandated health benefits legislation enacted by the General Assembly 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.

The bill requires a health plan issuer subject to the MHPAEA to submit an annual report, including certain information as specified under the bill to the Superintendent of Insurance. The bill specifies that a covered person affected by a health plan issuer's or health benefit plan's failure to provide parity as required by the bill and the MHPAEA, or a health care provider on the covered person's behalf, may file a complaint with the Consumer Services Division of the Department of Insurance.

Moreover, the bill modifies health insuring corporation (HIC) law, expanding the list of required "basic health care services" from including the current diagnostic and treatment services for biologically based mental illnesses to including diagnostic and treatment services for mental health and substance use disorders. The bill specifies that an HIC that offers prescription drug services is required to include prescription drug services for the treatment of mental health and substance use disorders on the same terms and conditions as other physical diseases and disorders.

Department of Insurance

The bill requires the Superintendent of Insurance to proactively ensure compliance by health plan issuers with applicable provisions of the MHPAEA. The bill specifically provides that the Superintendent must: (1) evaluate all consumer or provider complaints regarding mental health and substance use disorder benefits for possible parity violations, and (2) perform parity compliance market conduct examinations of health plan issuers, along with certain other requirements. The bill requires the Superintendent to issue an annual report that is written in readily understandable language regarding its efforts to monitor compliance with the MHPAEA and state law, including specified information, and must make the report available to the public by posting it on the Department's website.

[2] Generally, MHPAEA is applied to large group health plans that do not incur significant costs and large self-funded plans that do not apply to opt-out and individual plans that provide coverage for mental health or substance use disorder and benefits in addition to medical and surgical benefits.

Fiscal effect

The Department of Insurance is currently responsible for the oversight and enforcement of health insurers and the MHPAEA. But the requirements that the Department evaluate every consumer complaint and add parity compliance to the subject matter of health insurers' market conduct examinations may require the Department to increase its current oversight activities. To the extent the bill results in additional responsibilities for the Department of Insurance, it may increase the Department's administrative costs. Any such increase in the Department's administrative costs would be paid from the Department of Insurance Operating Fund (Fund 5540).

Some local governments' health plans may experience savings from reduced expenditures related to the repeal of current mental health parity provisions for biologically based mental illnesses, while some may experience increased costs due to the bill's new requirements imposed on HICs. However, the overall costs of the state and local governments' health benefit plans statewide to meet mental health parity are likely not affected by the bill's requirements.

The bill's requirements would also decrease the number of health benefit plans that are required to provide mental health parity; under the MHPAEA, only a large group plan that offers mental health coverage is also required to provide mental health parity. In addition, nonfederal governmental plans have the option to opt out of the MHPAEA. LBO staff do not have information on the number of public employer plans that opt out of the MHPAEA. It is likely that the overall number of local governments' plans that will be affected by the bill may decrease, however the extent is unknown.

Medicaid

The bill requires the Ohio Department of Medicaid (ODM) to (1) implement and enforce MHPAEA compliance with respect to Medicaid managed care organizations (MCOs) and (2) enforce, monitor compliance with, and ensure continued compliance with other related requirements. Additionally, the Medicaid Director must issue a biennial report about Medicaid managed care organizations and parity in mental health and substance use disorder benefits provided to Medicaid enrollees. The bill details what the report must include and requires the report be made available to the public, including posting it on ODM's website.

Fiscal effect

According to federal regulations, Medicaid MCOs in Ohio are required to offer plans with mental health parity in compliance with the MHPAEA. It is therefore not expected that the conditions in the bill will have significant fiscal impacts on ODM. There would be administrative costs to produce the biennial report regarding Medicaid MCOs and their mental health parity.

HB0443IN/zg