

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0139-01
Bill No.: SB 146
Subject: Insurance - Medical; Mental Health; Health Care; Health Care Professionals
Type: Original
Date: January 9, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Insurance Dedicated	\$8,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$8,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Professional Registration** and **Department of Conservation** assume this proposal will have no fiscal impact to their organizations.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** assume this proposal will not fiscally impact their organization since all HCP health contracts offer mental health and chemical dependency benefits at the same level as any other health condition.

Officials from the **Department of Health and Senior Services (DOH)** stated this proposal would not be expected to significantly impact the operations of the DOH. If the proposal were to substantially impact the DOH programs, then the Department would request funding through the legislative process.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of this proposal on the MHP.

Officials from the **Department of Transportation** stated this proposal will have no fiscal impact on the Missouri Highway Transportation Commission. The Highway and Patrol Medical Plan

provides ASSUMPTION (continued)

coverage for mental health conditions on the same basis as physical health conditions. The changes in Section 376.811 are not applicable to the Highway & Patrol Medical Plan. Therefore, this proposal will have no fiscal impact on the Medical Plan.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume the proposal will have no fiscal impact on their organization. The DMS currently covers mental health conditions as medically necessary. It is assumed the proposal allows for the continued use of prior authorization of services and performing utilization reviews by DMS for both physical and mental health conditions to ensure payment for only medically necessary conditions. Only those medically necessary are eligible for federal match. The DMS assumes this proposal is not intended to require coverage for non-medically necessary services which would be paid 100% from General Revenue.

Officials from the **Department of Mental Health (DMH)** stated to the extent that DMH consumers have insurance coverage, there could be minimal savings to the Department. However, it is likely that any savings would be offset by increased service utilization of individuals who are currently under-served. At this time, the DMH is unsure of the number of consumers that would be affected by this proposal, the type of coverage involved and/or the amount of insurance coverage. Based on the current understanding that any savings would be offset by additional service utilization costs, the resulting fiscal impact to DMH would be zero.

Officials from the **Department of Insurance** stated the department estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the proposal. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the department will need to request additional staff to handle the increase in the workload.

This proposal will result in an increase in Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT TO
 INSURANCE DEDICATED FUND**

<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2004 (10 Mo.)	FY 2005	FY 2006
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they may incur additional health insurance costs due to the requirements of this proposal. The estimated impact is unknown.

DESCRIPTION

This proposal requires health carriers that offer health benefit plans in this state on or after January 1, 2004, to provide coverage for mental health conditions. Mental health conditions are defined as those listed in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders. Coverage for mental health conditions cannot have rates, terms, or conditions that place a greater financial burden on an insured for mental health condition than for physical health condition. This mandated benefit shall not apply to supplemental insurance policies, life care contracts, accident-only policies, specified disease policies or other specific policies.

The proposal also modifies some of the standards for chemical dependency coverage and repeals several sections relating to mental illness and addictive disorders. The sections repealed include current exceptions to the requirement that health insurers who cover services for mental illness and addictive disorders provide the same coverage as they do for physical illness. These provisions include exceptions that allow insurers to limit inpatient hospital treatment for mental illness to 90 days per year (Section 376.811.2), place annual and lifetime limits on alcohol and drug abuse treatment services (Section 376.827), and exclude or apply different limits to certain specified services.

ASSUMPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development -
 Division of Professional Registration
Department of Transportation
Department of Mental Health
Department of Health and Senior Services
Department of Social Services -
 Division of Medical Services
Department of Public Safety -
 Missouri Highway Patrol
Department of Insurance
Missouri Department of Conservation
Missouri Consolidated Health Care Plan



Mickey Wilson, CPA
Director
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