

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0311-07
Bill No.: Perfected HS for HCS for HB 121
Subject: Health Care; Health Care Professionals; Insurance - Medical; Physicians
Type: Original
Date: April 16, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown exceeding \$70,000)	(Unknown exceeding \$70,000)	(Unknown exceeding \$70,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$70,000)	(Unknown exceeding \$70,000)	(Unknown exceeding \$70,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway Fund	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$8,000	\$0	\$0
Other Funds	(Unknown exceeding \$11,500)	(Unknown exceeding \$11,500)	(Unknown exceeding \$11,500)
Total Estimated Net Effect on Other State Funds	(Unknown exceeding \$3,500)	(Unknown exceeding \$11,500)	(Unknown exceeding \$11,500)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	(Unknown exceeding \$18,500)	(Unknown exceeding \$18,500)	(Unknown exceeding \$18,500)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown exceeding \$18,500)	(Unknown exceeding \$18,500)	(Unknown exceeding \$18,500)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Missouri Department of Conservation (MCD)** state the proposal would not appear to have a fiscal impact on MDC funds.

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

Officials from the **Department of Transportation (DOT)** state that currently the medical plan covers only the manual manipulation of the spine by a licensed chiropractor to correct the subluxation that has been demonstrated by X-ray from a physician or chiropractor (the plan allows coverage for one X-ray by a chiropractor per calendar year). Covered services for manual manipulations are limited to 30

ASSUMPTION (continued)

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treatments per calendar year. Assuming that the Medical Plan would have to cover office visits as well as many of the other services that a chiropractor offers and not limit the number of treatments per calendar year, there would be a substantial fiscal impact to the medical plan. Without knowing the exact procedures or how many individuals would start utilizing a chiropractor, there is no way to estimate a fiscal impact. DOT feels the impact would be very substantial due to the increase in coverage as well as an increase in utilization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP currently offers chiropractic care in the same manner as any medical condition under the HMO and Copay plans. HCP's gatekeeper HMOs currently require a referral from the gatekeeper. This proposal would allow access to chiropractic care within the network for a total of 20 visits per policy period. This will increase cost to some extent. Generally, when the health carriers cannot direct and manage care through a gatekeeper, increased costs are realized.

Some overall additional cost is expected. However, a specific dollar amount is difficult to estimate. For example: for every 1/2% increase in premium, the state's cost will increase by approximately \$1,299,000; for every 1/2% increase in premium, the public entities' cost will increase by approximately \$96,618.

Officials from the **Department of Insurance** state 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 increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
	(10 Mo.)		
GENERAL REVENUE			
<u>Costs - Missouri Consolidated Health Care Plan</u>			

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Increase in insurance contributions	<u>(Unknown exceeding \$70,000)</u>	<u>(Unknown exceeding \$70,000)</u>	<u>(Unknown exceeding \$70,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown exceeding \$70,000)</u>	<u>(Unknown exceeding \$70,000)</u>	<u>(Unknown exceeding \$70,000)</u>
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HIGHWAY FUND

<u>Costs - Department of Transportation</u> Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET IMPACT TO HIGHWAY FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u> Form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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OTHER FUNDS

<u>Costs - Missouri Consolidated Health Care Plan</u> Increase in insurance contributions	<u>(Unknown exceeding \$11,500)</u>	<u>(Unknown exceeding \$11,500)</u>	<u>(Unknown exceeding \$11,500)</u>
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**ESTIMATED NET EFFECT ON
 OTHER FUNDS**

<u>(Unknown exceeding \$11,500)</u>	<u>(Unknown exceeding \$11,500)</u>	<u>(Unknown exceeding \$11,500)</u>
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FEDERAL FUNDS

Costs - Missouri Consolidated Health
 Care Plan

Increase in insurance contributions	<u>(Unknown exceeding \$18,500)</u>	<u>(Unknown exceeding \$18,500)</u>	<u>(Unknown exceeding \$18,500)</u>
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**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

<u>(Unknown exceeding \$18,500)</u>	<u>(Unknown exceeding \$18,500)</u>	<u>(Unknown exceeding \$18,500)</u>
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FISCAL IMPACT - Local Government

FY 2004 (10 Mo.)	FY 2005	FY 2006
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ALL POLITICAL SUBDIVISIONS

Costs - All Political Subdivisions

Increase in insurance contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON ALL
 POLITICAL SUBDIVISIONS**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

Small businesses could be affected by this proposal which could result in higher health insurance premiums.

DESCRIPTION

This proposal requires health insurers to provide chiropractic care as part of basic health care services for covered conditions. Health plan enrollees may access chiropractic care within the health insurer's network for a total of twenty visits per policy period, but may be required to provide the carrier with notice prior to any additional visits as a condition of coverage. A health

carrier may require prior authorization or notification before any follow-up diagnostic tests are ordered by a chiropractor or for any office visits in excess of twenty in any policy period. The provisions of this proposal do not apply to benefits provided under the Medicaid program or supplemental insurance policies. The proposal also requires health carriers to apply the same deductibles, co-payments, co-insurance amounts, fees, benefit limits, practice parameters, and utilization review to all in-network health care provider.

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 Transportation
Department of Social Services
Department of Public Safety -
 Missouri Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation



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