

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0311-11
Bill No.: Truly Agreed To And Finally Passed SS for SCS for HS for HCS for HB 121
Subject: Chiropractors; Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: May 22, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

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)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

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

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 (DOS)** state the proposal will not impact their organization as the DOS is specifically exempt from the provision of chiropractic services.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation 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 treatments per calendar year. Assuming that the Medial Plan would have to cover office visits as well as many of the other services that a chiropractor offers calendar year, there would be a substantial

ASSUMPTION (continued)

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 bill would allow access to chiropractic care within the network without a referral for a total of 26 visits per policy period. This could increase cost to some extent. Generally, when the health carriers cannot direct and manage care through a gatekeeper, increased costs are realized due to higher utilization.

Some studies have also shown that for certain problems, chiropractors care can be a cost effective method of treatment. Therefore, there could be some savings with those cases where a referral was not available.

Consequently, it is extremely difficult to project the overall cost impact.

Oversight assumes an unknown cost associated with this proposal for the HCP.

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 result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			

Costs - Missouri Consolidated Health
 Care Plan

Increase in state contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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HIGHWAY FUND

Costs - Department of Transportation

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

Income - Department of Insurance

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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OTHER FUNDS

Costs - Missouri Consolidated Health
 Care Plan

Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO OTHER FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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FEDERAL FUNDS

Costs -Missouri Consolidated Health
 Care Plan

Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
ALL POLITICAL SUBDIVISIONS			
<u>Costs - All Political Subdivisions</u>			
Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON ALL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill contains provisions pertaining to insurance coverage for chiropractic care, managed care entities, and liens filed by hospitals and health care professionals.

INSURANCE COVERAGE FOR CHIROPRACTIC CARE

The bill requires health insurers to provide coverage for chiropractic care delivered by a licensed chiropractor acting within the scope of Chapter 331, RSMo.

DESCRIPTION (continued)

The coverage will include initial diagnosis and clinically appropriate and medically necessary services and supplies required to treat a diagnosed disorder, subject to conditions of the policy. The coverage may be limited to chiropractors within the health carrier's network. Health carriers are not required to contract with a chiropractor outside the health carrier's network nor are carriers required to reimburse for services provided by a non-network chiropractor, unless prior approval has been obtained from the health carrier by the enrollee.

Enrollees may access chiropractic care within the health carrier's network for a total of 26 chiropractic office visits per policy period and may be required to provide the health carrier with

notice prior to any additional visits as a condition of coverage. In addition, health carriers may require prior authorization or notification before any follow-up diagnostic tests are ordered by a chiropractor or for any office visits for treatments in excess of 26 office visits in a policy period.

Certificates of coverage for any health benefit plan are required to state the availability of chiropractic coverage under the policy and any exclusions, limitations, or conditions of coverage. The insurance coverage contained in the bill excludes benefits provided under the Medicaid program and other specified insurance policies.

Health carriers are prohibited from establishing rates, terms, and conditions of coverage for enrollees which cause a greater financial burden than for enrollees who access treatment for other physical conditions. Deductibles or out-of-pocket limits required by health carriers or a health benefit plan will be comprehensive for coverage of all health conditions.

MANAGED CARE ENTITIES

The bill revises certain provisions pertaining to health services corporations, health maintenance organizations, and managed health plan networks.

Pertaining to health services corporations, the bill: (1) Extends the approval or disapproval period from 30 days to 45 days during which the Director of the Department of Insurance is required to review and

approve or disapprove submitted policy forms by a health services corporation. A non-determination on the submitted policy forms by the director during this period constitutes approval of the forms; (2) Prohibits the director from disapproving a filed policy form for a period of one year. During the one-year period, if the director determines that any provision of the policy form violates state law, the

DESCRIPTION (continued)

director is required to notify the health services corporation of the state law used to determine the illegality of the policy form and request that the health services corporation file an amendment with the department within 30 days; and (3) Requires that the amendment approved by the director will have the effect of the original filing of policy filed with the department.

Pertaining to health maintenance organizations, the bill: (1) Extends the approval or disapproval period from 30 days to 45 days during which the Director of the Department of Insurance is required to review and approve or disapprove modifications of various documents, including articles of incorporation, financial statements, policies, and marketing plans submitted by health

maintenance organizations. A non-determination on the submitted documents by the director during this period constitutes an approval of the modified documents; (2) Prohibits the director from disapproving a filing of required information by health maintenance organizations deemed approved for a period of one year. During the one-year period, if the director determines that any provision of the required filing violates state law, the director is required to notify the health maintenance organization of the state law used to determine the illegality of the required filing and request that the health maintenance organization file an amendment with the department within 30 days; and (3) Requires the health maintenance organization to issue a copy of the amendment approved by the director to individuals and entities which received the previous filing. The amendment will have the effect of the original filing or policy filed with the department.

Pertaining to managed health plan networks, the bill requires the Director of the Department of Insurance to deem a managed health plan network adequate based on certain criteria which are detailed.

LIENS OF HOSPITALS AND HEALTH CARE PROFESSIONALS

The bill re-codifies Section 430.225, the definition section pertaining to liens of hospitals and certain health care providers.

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

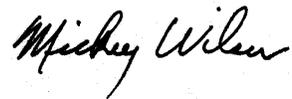
Department of Transportation
Department of Social Services
Department of Public Safety -
 Missouri Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation

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Page 8 of 8

May 22, 2003

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA

DIRECTOR

MAY 22, 2003