

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0908-01
Bill No.: HB 193
Subject: Business and Commerce; Health, Public; Insurance - Medical
Type: Original
Date: January 31, 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 OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Insurance Dedicated	(\$133,329 to \$333,329)	(\$155,444 to \$355,444)	(\$158,055 to \$358,055)
Total Estimated Net Effect on Other State Funds	(\$133,329 to \$333,329)	(\$155,444 to \$355,444)	(\$158,055 to \$358,055)

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
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 **Office of Administration (COA) - Division of Accounting, Office of the Governor, Department of Economic Development - Division of Professional Registration, Missouri Consolidated Health Care Plan, Department of Mental Health** and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **COA - Division of Budget and Planning** state the proposal should not significantly impact the COA. COA may need to provide audit findings and agency response to appropriation committees.

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** state because the Limited Mandate Health Insurance Act only applies to individual policies and to groups sponsored by an employer who employs 50 or fewer persons and the Benefit Review Commission does not mandate health benefit coverage, there will be no fiscal impact to the Missouri Highway and Transportation Commission or the Highway & Patrol Medical Plan.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DOH)** state the DOH, with the Office of Administration and the Department of Insurance, is required to provide such support as the commission requires to aid it in the performance of its duties. It is unclear what would be involved in providing support to the committee, therefore, DOH can not determine what impact the proposal would have on staff workload. DOH is assuming the support could be accomplished with existing staff. If the workload increased in the future, the DOH may require additional staff.

Officials from the **Missouri House of Representatives (MHR)** state the MHR assumes the Department of Insurance would have funds to reimburse House Members for costs incurred. Therefore, no fiscal impact is anticipated with this proposal.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state under the Limited Mandate Health Insurance Act, the proposed language removes numerous provisions exempting limited mandate health insurance policies and contracts from being required to cover a particular health care service or benefit, or being required to reimburse, utilize or include a specific category of licensed health care practitioner, at the same time adding language to replace the exempt provisions not withstanding any other provision of law to the contrary. The requirements of this section for benefits provided under limited mandate health insurance policies and contracts shall be the exclusive requirements for such policies and contracts. There is not a fiscal impact to the DMS.

The proposal creates the Mandated Health Benefit Review Commission within the Department of Insurance. The purpose of the commission is to review all existing state mandated health benefits and the projected costs of such mandates and issue a report to the general assembly to recommend which mandated health benefits should be repealed from state law. Until such time that a recommendation is proposed as legislation, the costs or savings are unable to be determined. Therefore, there is no fiscal impact to DMS.

Officials from the **Department of Insurance (INS)** state the INS would require one Health Care Economist (Research Analyst IV) to review and analyze data, work with experts, provide support to commission and prepare required benefit reports. One Research Analyst I-II is required to prepare and conduct surveys, collect data, run statistical reports and assist in preparing reports and analysis required under the proposal. INS assumes that the commission will contract with experts in the areas of health research, biostatistics, and actuarial science in conducting the benefit reviews. Contractual costs are estimated from \$50,000 - \$250,000 per year depending on the number and type of benefits reviewed. Meeting costs for the commission are calculated at \$100 per day for non-governmental members (6 total), 4 meetings per year.

ASSUMPTION (continued)

The INS estimates that 160 insurers and HMOs would choose to change their products to not cover some of the currently required mandated benefits. This would generate form filings to the INS which are accompanied by 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 to cover additional workload created by policy form filings, but if multiple proposals pass during the legislative session, the INS may need to request additional resources.

Oversight assumes the INS would hire one Health Care Economist (Research Analyst IV) and one Research Analyst I. **Oversight** is ranging the contractual costs between \$50,000 and \$250,000 per year.

Officials from the **Missouri Senate** did not respond to our request for a statement of fiscal impact.

This proposal would 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

Policy form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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Costs - Department of Insurance

Personal service costs (2 FTE)	(\$55,525)	(\$68,295)	(\$70,002)
Fringe benefits	(\$20,471)	(\$27,639)	(\$28,330)
	<u>(\$65,333 to</u>	<u>(\$59,510 to</u>	<u>(\$59,723 to</u>
Equipment and expense	<u>\$265,333)</u>	<u>\$259,510)</u>	<u>\$259,723)</u>
Total <u>Costs</u> - Department of Insurance	<u>(\$141,329 to</u>	<u>(\$155,444 to</u>	<u>(\$158,055 to</u>
	<u>\$341,329)</u>	<u>\$355,444)</u>	<u>\$358,055)</u>

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$133,329 to</u>	<u>(\$155,444 to</u>	<u>(\$158,055 to</u>
	<u>\$333,329)</u>	<u>\$355,444)</u>	<u>\$358,055)</u>

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

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal creates the Mandated Health Benefit Review Commission. The commission will review all health insurance coverage mandates currently required by law and any such mandates offered by legislators in the future. The commission must file a report with the General Assembly by January 2005 detailing any proposed changes to those mandates currently in law. Any bill containing a health insurance coverage mandate must be evaluated by the commission before the law can be enacted.

The bill sets forth an extensive list of issues that the commission must address when it reviews any proposed mandate.

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

Office of the Governor
Office of Administration -
 Division of Accounting
 Division of Budget and Planning
Department of Economic Development -
 Division of Professional Registration
Department of Transportation
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
 Missouri Highway Patrol
Missouri Consolidated Health Care Plan

SOURCES OF INFORMATION (continued)

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Department of Insurance
Missouri Department of Conservation
Missouri House of Representatives

NOT RESPONDING: Missouri Senate



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Director
January 31, 2003