

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1286-03  
Bill No.: HCS for SB 407  
Subject: Health Care; Health Care Professionals; Insurance - Medical; Medical Procedures and Personnel  
Type: Original  
Date: April 18, 2003

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Insurance Dedicated	\$8,000	\$0	\$0
Other State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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

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

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

**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 (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** state because this proposal does not mandate any additional benefit coverage, there will be no fiscal impact to the Highway & Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state many insurers believe that requiring the medical plan to cover clinical trials for cancer and other life threatening conditions could result in an increase in the plan's financial risk. Since the treatments may vary and only a few providers ASSUMPTION (continued)

would be able to administer the treatments, the cost has the potential to become significant. To reduce this risk, the plan may transfer these additional costs to the members through an increase of premium.

In contrast, some current research suggests that the cost of clinical trials may not significantly differ from that for standard cancer treatment. One study observed a clinical trial cost difference, as compared to standard cancer treatment, ranging from -10% to 23%. However, some of these studies only focused on Phase II and Phase III trials.

Forecasting the consequential financial impact of mandatory coverage of phase III and IV cancer trials is extremely difficult and, therefore, unknown.

Officials from the **Department of Insurance (INS)** state the INS estimates 160 insurers and HMOs would submit amendments to their policies as a result of this proposal. Policy amendments must be submitted to the INS 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 amendments and review, the INS 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
<b>GENERAL REVENUE</b>			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006

**INSURANCE DEDICATED FUND**

Income - Department of Insurance

Form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$8,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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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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<b>ESTIMATED NET EFFECT ON OTHER FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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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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<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**ALL POLITICAL SUBDIVISIONS**

Costs - All Political Subdivisions

Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON ALL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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FISCAL IMPACT - Small Business

The proposal could result in an increase in small business insurance premium costs.

DESCRIPTION

This proposal requires health insurance policies to provide coverage for routine patient costs incurred for FDA- approved drugs and devices, regardless of whether the drugs and devices were approved for use in treating the patient's particular condition.

Entities seeking coverage for clinical trials do not have to post electronically whether the trial is for the treatment of cancer or other life-threatening disease.

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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