

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2781-01
Bill No.: SB 918
Subject: Health Care; Insurance - Medical; Medical Procedures and Personnel
Type: Original
Date: February 9, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unknown up to \$121,897)	(Unknown up to \$243,793)	(Unknown up to \$243,793)
Total Estimated Net Effect on General Revenue Fund	(Unknown up to \$121,897)	(Unknown up to \$243,793)	(Unknown up to \$243,793)

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Insurance Dedicated	\$8,000	\$0	\$0
Other State Funds	(Unknown up to \$20,316)	(Unknown up to \$40,632)	(Unknown up to \$40,632)
Total Estimated Net Effect on <u>All</u> State Funds	(Unknown up to \$12,316)	(Unknown up to \$40,632)	(Unknown up to \$40,632)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Federal Funds	(Unknown up to \$32,926)	(Unknown up to \$65,852)	(Unknown up to \$65,852)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown up to \$32,926)	(Unknown up to \$65,852)	(Unknown up to \$65,852)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	(Unknown up to \$12,826)	(Unknown up to \$25,652)	(Unknown up to \$25,652)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposal on their organization.

Officials from the **Missouri Department of Transportation (DOT)** state because the proposal requires coverage for only those individuals who have had a diagnosis or reoccurrence and the Medical Plan currently covers these procedures, there would be no fiscal impact to the Highway and Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would mandate all individual and group health insurance policies to provide coverage for a pelvic examination or Pap smear for any non-symptomatic woman covered under the policy, a prostate examination and laboratory test including bone scans and prostate antibody imaging for any

ASSUMPTION (continued)

nonsymptomatic man as well as for patients who have an above normal prostate specific antigen, and a colorectal cancer examination and laboratory test for any nonsymptomatic person. The HCP currently covers pelvic examinations and Pap smears along with colorectal examinations in accordance with the American Cancer Society guidelines at 100%.

According to the National Cancer Institute, about 17% of males 50 and older will be diagnosed in their lifetime. The HCP currently insures 12,960 males age 50 and older under the state plan and 709 males age 50 and older under the Public Entities.

By mandating this coverage, insurance companies may face charges of \$212 or higher per test. This amount is arrived at Medicare's regional allowable amount of \$159.11 plus the professional component of \$33.68. This amount is multiplied by 10% to determine a conservative HMO allowable amount $[(\$159.11 + \$33.68 = \$192.79) + (\$192.79 \times 10\% = \$19.28) = \$212.07]$. The total cost of the test for 17% of HCP's targeted population could run \$467,036 (12,960 males \times 17% = 2,203 males \times \$212) for the state population and \$25,652 (709 males \times 17% = 121 males \times \$212) for the Public Entity population. (**NOTE:** This is the maximum exposure for this test as it assumes all these members will still be covered under HCP's plan when diagnosed.)

Health carriers would recoup this cost through premiums (the state's cost would be approximately 75% of the total cost or \$350,277). However, since there is no way to estimate how many will actually seek services each year, the cost of the proposal is unknown.

Oversight assumes changes in health insurance coverage would become effective January 1, 2005.

Officials from the **Department of Insurance (INS)** state the INS estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with 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 reviews, the INS will need to request additional staff to handle the increase in workload.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (6 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in State Contributions	<u>(Unknown up to \$121,897)</u>	<u>(Unknown up to \$243,793)</u>	<u>(Unknown up to \$243,793)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>(Unknown up to \$121,897)</u>	<u>(Unknown up to \$243,793)</u>	<u>(Unknown up to \$243,793)</u>
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Policy Form Filing Fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND			
	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in State Contributions	<u>(Unknown up to \$20,316)</u>	<u>(Unknown up to \$40,632)</u>	<u>(Unknown up to \$40,632)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
	<u>(Unknown up to \$20,316)</u>	<u>(Unknown up to \$40,632)</u>	<u>(Unknown up to \$40,632)</u>
FEDERAL FUNDS			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in State Contributions	<u>(Unknown up to \$32,926)</u>	<u>(Unknown up to \$65,852)</u>	<u>(Unknown up to \$65,852)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>(Unknown up to \$32,926)</u>	<u>(Unknown up to \$65,852)</u>	<u>(Unknown up to \$65,852)</u>

FISCAL IMPACT - Local Government

FY 2005
(6 Mo.)

FY 2006

FY 2007

ALL POLITICAL SUBDIVISIONS

Costs - All Political Subdivisions

Increase in Local Contributions

<u>(Unknown up to</u>	<u>(Unknown up to</u>	<u>(Unknown up to</u>
<u>\$12,826)</u>	<u>\$25,652)</u>	<u>\$25,652)</u>

**ESTIMATED NET EFFECT ON ALL
POLITICAL SUBDIVISIONS**

<u>(Unknown up</u>	<u>(Unknown up</u>	<u>(Unknown up</u>
<u>to \$12,826)</u>	<u>to \$25,652)</u>	<u>to \$25,652)</u>

FISCAL IMPACT - Small Business

This proposal would be expected to impact small businesses that provide health insurance benefits to their employees.

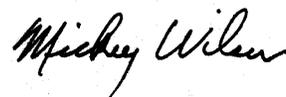
DESCRIPTION

This proposal modifies the mandated coverage for prostate examinations by including bone scans and prostate antibody imaging to be used on any nonsymptomatic man for whom there was an earlier diagnosis and on any patient that has an above normal prostate specific antigen.

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



L.R. No. 2781-01
Bill No. SB 918
Page 6 of 6
February 9, 2004

Mickey Wilson, CPA
Director
February 9, 2004