

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0463-01
Bill No.: HB 203
Subject: Insurance - Medical; Medical Procedures and Personnel
Type: Original
Date: January 27, 2009

Bill Summary: Prohibits any agreement between a health insurance carrier and a licensed health care provider from containing provisions which place certain restrictions on the provider.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$50,000)	(Unknown greater than \$35,774)	(Unknown greater than \$35,774)
Total Estimated Net Effect on General Revenue Fund	(\$50,000)	(Unknown greater than \$35,774)	(Unknown greater than \$35,774)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	0*	0*	0*
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$0*	\$0*

* Income and expenditures unknown greater than \$65,000 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation, Missouri Consolidated Health Care Plan, and Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Missouri Department of Transportation (DOT)** state the DOT/Missouri State Highway Patrol (MHP) Medical Plan (Plan) does not fall within the term "health carrier" as defined in section 376.1350. The Plan does not directly contract with providers. This legislation does not mandate coverage. Therefore, there will be no fiscal impact to the Missouri Highway Transportation Commission or the Plan.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state this legislation revises Chapter 376 which does not affect the MO HealthNet fee-for-service program. Therefore, there will be no fiscal impact to that program.

The legislation, however, does affect the MO HealthNet Managed Care program because it contracts with health maintenance organizations (HMOs) for the purpose of providing health care services through capitated rates. These HMOs will be subject to the regulations in this legislation.

This legislation affects the make-up of the HMO networks and also reduces the ability of the HMOs to negotiate terms. The cost impact will be incurred during the bidding process and when contracts are renewed. The first year cost is for the actuary to renegotiate contracts and to determine any change in the capitated rates. That cost will be \$100,000.

The cost in the subsequent years is for any possible increase in capitation rates. If the capitation rate is increased only 2.1 cents, then the cost for FY 11 will be unknown, but greater than \$100,800 [(400,000 participants X 0.021) X 12 months = \$100,800].

ASSUMPTION (continued)

The FY 2010 cost is \$100,000 [General Revenue (GR) portion = \$50,000]; FY 2011 cost is unknown greater than \$100,800 (GR of \$35,774); and FY 2012 cost is unknown greater than \$100,800 (GR of \$35,774).

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - DOS</u>			
Increase in program costs	<u>(\$50,000)</u>	<u>(Unknown greater than \$35,774)</u>	<u>(Unknown greater than \$35,774)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$50,000)</u>	<u>(Unknown greater than \$35,774)</u>	<u>(Unknown greater than \$35,774)</u>
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	\$50,000	Unknown greater than \$65,026	Unknown greater than \$65,026
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(\$50,000)</u>	<u>(Unknown greater than \$65,026)</u>	<u>(Unknown greater than \$65,026)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0*</u>	<u>\$0*</u>	<u>\$0*</u>
* Income and expenditures unknown greater than \$65,000 and net to \$0.			
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

The proposal may impact small businesses that provide insurance coverage for their employees if HMOs or health insurers adjust premiums as a result of the proposal.

FISCAL DESCRIPTION

This proposal prohibits any agreement between a health insurance carrier and a licensed health care provider from containing a provision which: (1) Prohibits a provider from contracting with another carrier to accept a lower reimbursement than the payment specified in the agreement; (2) Requires the provider to accept a lesser reimbursement from the carrier if the provider agrees with another carrier to accept the lower reimbursement for services; (3) Terminates or renegotiates the agreement if the provider agrees to accept a lower payment from a different carrier for services; or (4) Requires the provider to disclose his or her contracted reimbursement rates with other contracted providers.

A violation of any of these provisions will make an agreement void and unenforceable.

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 Insurance, Financial Institutions and Professional Registration
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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