

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0217-01
Bill No.: SB 2
Subject: Insurance - Medical; State Employees
Type: Original
Date: March 21, 2011

Bill Summary: Requires the Missouri Consolidated Health Care Board to offer a minimum of three high deductible plans with differing annual deductibles and annual out-of-pocket expenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Other State	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the MCHCP assumes it would continue offering the current High Deductible Health Plan with Health Savings Account (HDHP with HSA) and two new HDHPs with HSAs along with Preferred Provider Organization (PPO) medical plan options similar to the medical plans offered today. The MCHCP Board of Trustees and its actuaries are responsible for setting rates and plan designs that meet the needs of MCHCP members, the state budget and this proposal.

In 2006, the state of Indiana implemented one HDHP and 4% of employees enrolled in the plan. In 2007, Indiana introduced another HDHP to replace one of the PPO plan options and enrollment increased to 18% for both HDHPs. In subsequent years, Indiana made additional plan design changes and currently 85% of employees are enrolled in the HDHP options. In 2010, a Mercer study indicated the two HDHPs saved the state an average of 10.7% over the study period from 2006 to 2009. However, officials from the state of Indiana indicated they do not have a breakdown of savings per year. They also indicated the HDHPs attracted healthier populations leaving the less healthy population in the PPO plan.

The MCHCP is unable to estimate potential costs or savings at this time based on Indiana's experience because there are several variables that could present varying outcomes, including member enrollment, medical and prescription drug utilization, income, age and health status.

Under federal law, retiree members with Medicare are not allowed to participate in a qualified HDHP, as well as veterans who have utilized their TRICARE benefits within the last three months (approx. 11,500 members).

The language of the proposed legislation does not apply to employees of the Highway Patrol, Missouri Department of Transportation (MoDOT) or Missouri Department of Conservation since they are not covered by MCHCP health plans.

Oversight notes any new health plan options would be available with the plan year beginning January 1, 2012.

FISCAL IMPACT - State Government

FY 2012
(6 Mo.)

FY 2013

FY 2014

GENERAL REVENUE FUND

Savings or Costs - MCHCP

Potential increased savings or costs
from additional high deductible health
plans

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

OTHER STATE FUNDS

Savings or Costs - MCHCP

Potential increased savings or costs
from additional high deductible health
plans

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

**ESTIMATED NET EFFECT ON
OTHER STATE FUNDS**

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

FEDERAL FUNDS

Savings or Costs - MCHCP

Potential increased savings or costs
from additional high deductible health
plans

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

FISCAL IMPACT - Local Government

FY 2012
(6 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

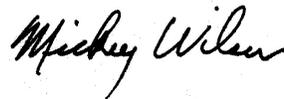
FISCAL DESCRIPTION

This proposal requires the Missouri Consolidated Health Care Board (beginning with the open enrollment period for the 2012 plan year) to offer a minimum of 3 high deductible plans with differing annual deductibles and annual out-of-pocket expenses, not to exceed the maximum high deductible health plan out-of-pocket amounts established by federal law, with an emphasis of offering high deductible health plans having lower monthly premiums.

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

Missouri Consolidated Health Care Plan



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