

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1046-02
Bill No.: SB 153
Subject: Insurance - Medical; Health Care Professionals
Type: Original
Date: April 11, 2011

Bill Summary: Requires health carriers to establish or otherwise utilize web-based estimating systems so that consumers can obtain health care cost estimates and compute other related health care costs.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Conservation Commission	(Unknown greater than \$100,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
Highway	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Other	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	(Unknown greater than \$200,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

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

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE			

- 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 **Department of Insurance, Financial Institutions, and Professional Registration** assume the proposal would have no fiscal impact on their agency.

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 this proposal on their organization.

Officials from the **Missouri Department of Conservation (MDC)** assume the initial implementation and set up would cost more than \$100,000. On an ongoing basis, the cost would be less than \$100,000 annually.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state current online systems provide cost estimators but do not include specific estimates for each contracted provider and facility. The HCP anticipates increased administrative fees from health carrier vendors to cover the cost of implementing and maintaining the online systems. The HCP estimates the cost to be unknown greater than one million dollars for FY 12 and unknown greater than \$500,000 annually after FY 12.

Oversight is presenting unknown costs for the MCHCP due to the uncertainty of the costs that will be incurred by MCHCP's vendors and passed on to the MCHCP.

Officials from the **Missouri Department of Transportation (MoDOT)** state the network and claims administrator, Coventry Health Care Plan (CHCP), has researched the fiscal impact if the Plan is required to cover these services and have provided the following information.

Under SB 153, it is possible that the state of Missouri would be setting up a conflicting web-based system that would not be interoperable with the requirements under the exchange. While Missouri's efforts to set up its insurance exchange are still in the early stages, given the future guidance and rules from the U.S. Department of Health & Human Services (HHS) on exchanges, we believe that state exchanges and systems will head in the same direction as SB 153. Given the July 2012 effective date under SB 153, it is very likely that some critical differences would exist between the web-based system envisioned under the legislation and the state exchange system under the Affordable Care Act (ACA, or health reform).

There will not be a fiscal impact to MHTC; however, there may be a financial impact to the Plan due to administrative fee increases for our network and claims administrator to provide this system. The impact cannot be determined; however, it would be greater than \$100,000

<u>FISCAL IMPACT - State Government</u>	FY 2012	FY 2013	FY 2014
	(10 Mo.)		

GENERAL REVENUE FUND

Costs - HCP

Increased administrative fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**CONSERVATION COMMISSION
FUND**

Costs - MDC

Implementation and set up	(Unknown greater than \$100,000)		
Maintenance and ongoing costs	\$0	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>

ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
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HIGHWAY FUND

Costs - MoDOT

Increase in insurance administration costs	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
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ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
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OTHER STATE FUNDS

Costs - HCP

Increased administrative fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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FEDERAL FUNDS

Costs - HCP

Increased administrative fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS

	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal may impact small business health care providers if consumers can determine health care costs prior to visits and select providers based on the cost of the services.

FISCAL DESCRIPTION

Under this proposal, health carriers are required, by July 1, 2012, to utilize a web-based estimating system or other mechanism, by which covered individuals, or their parents or guardians, will be able to enter, provide, or select from menus, the procedures, tests, or services the individual is considering having, and based upon the individual's benefit plan and the health carrier's internal data, receive estimates of the total cost and total out-of-pocket cost of the procedures, test, or services specific to all available contracted providers or facilities for which such estimates are requested. The estimates shall take into account any known unmet deductible obligation and shall be based upon assumptions of typical utilization and an assumption that, in the provision of the procedures, tests, or services, no complications or unexpected events would occur necessitating other expenses. The estimates shall include related estimates of typically needed and expected ancillary costs such as those for radiology, pathology, or anesthesiology services, and shall indicate when no contracted providers of such services are available under the individual's benefit plan at a selected health care facility or provider. Any estimate given shall not be a guarantee of coverage and the health carrier shall not be held liable for differences between the estimated costs and the ultimate charges to the individual. The provision of estimates under this proposal shall not be construed as violating any provider contract provisions with a health carrier that prohibits disclosure of a provider's fee schedule to third parties.

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

HWC:LR:OD

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Department of Insurance, Financial Institutions and Professional Registration
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 11, 2011