

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5697-10
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SS for SB 749
Subject: Health Care; Health, Public; Federal-State Relations; Insurance, Medical; Religion; Abortion
Type: Original
Date: June 11, 2012

Bill Summary: Provides protections for religious beliefs as to the imposition of certain health care services such as abortion, contraception, or sterilization.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|---------------------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| Insurance Dedicated | Less than \$25,000 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | Less than \$25,000 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| 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 2013 | FY 2014 | FY 2015 |
| Local Government | (Unknown) | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture**, the **Office of Administration (OA) - Division of Budget and Planning**, the **OA - Administrative Hearing Commission**, the **Office of State Courts Administrator**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Missouri Department of Transportation**, the **Department of Public Safety (DPS) - Division of Fire Safety**, the **DPS - Missouri Gaming Commission**, the **DPS - Missouri Veterans Commission**, the **Missouri Consolidated Health Care Plan**, the **Joint Committee on Public Employee Retirement**, the **Office of the Governor**, the **Missouri Lottery Commission**, the **Missouri Department of Conservation**, the **Missouri House of Representatives**, the **Missouri National Guard**, the **Office of Prosecution Services**, the **Office of State Auditor**, the **Missouri Senate**, the **Office of State Public Defender**, the **Office of State Treasurer**, the **Missouri State Tax Commission**, the **Bi-State Development Agency**, the **MoDOT Patrol & Employees' Retirement System**, the **Missouri State Employees' Retirement System**, **Linn State Technical College**, **Metropolitan Community College**, **Missouri Western State University**, and **Northwest Missouri State University** assume the proposal will have no fiscal impact on their organizations.

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

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. **The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. **Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.**

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of Attorney General (AGO)** state that the number of cases resulting from the proposal, if any, are unknown. Without being able to predict the number of such cases, the AGO assumes that costs could be absorbed with existing resources. Should significant litigation arise, the AGO would request an additional future appropriation.

Officials from the **Department of Social Services (DSS)** provide the following assumptions relating to this proposal:

191.724: This proposal provides that no employee, self-employed person or any other person, employer, health plan provider or sponsor, health care provider or any other entity shall be compelled to obtain coverage for or provide coverage for abortion, contraception, or sterilization in a health plan if such items or procedures are contrary to the religious beliefs or moral convictions of such employee, health care plan, provider or sponsor, or any other entity or person.

In the provider participation section of the fee-for-service provider manuals, a MO HealthNet provider must comply with all laws, policies, and regulations of Missouri and the federal government. It further states that a provider must also comply with the standards and ethics of his or her business or profession to qualify as a participant in the program.

The Managed Care contracts include language which prohibits the health plan from requiring a provider to perform a service contrary to the provider's conscience and allows the provider to make a referral to another health care provider licensed to provide the appropriate care. Therefore, there is no fiscal impact to MO HealthNet.

376.1199: This section states any health carrier shall offer and issue to any person or entity purchasing a health benefit plan, a health benefit plan that excludes coverage for contraceptives and sterilization if the use or provision of such contraceptives or sterilization is contrary to the moral, ethical or religious beliefs or tenets of such person or entity. The section continues that any health benefit plan issued shall provide clear written notice whether an optional rider for elective abortions has been purchased by the group contract holder. In addition, an enrollee who is a member of a group health plan with coverage for elective abortions has the right to exclude and not pay for coverage for elective abortions if such coverage is contrary to his or her moral, ethical, or religious beliefs.

ASSUMPTION (continued)

This section of the legislation will not impact Managed Care. MHD has language in the Managed Care contract indicating the health plans may not require a provider to perform any treatment or procedure which is contrary to the provider's conscience, religious beliefs, or ethical principles or policies. MHD does not cover abortions under Managed Care.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be less than \$25,000.

Section 191.724.5 of this proposal will result in additional policy form filings and require additional staff time for a more exacting review of policy form filings to ensure compliance with the statute. Depending on the number of additional filings received and the extent of the review necessary, the department may need to request additional FTE and expenses through the appropriations process.

Officials from the **University of Central Missouri (UCM)** anticipate the provisions of this proposal will result in an annual fiscal impact of between \$55,000 and \$80,000.

Officials from **Missouri State University (MSU)** state costs might be anticipated from this legislation due to legal actions that might ensue and have to be defended from persons claiming that the money they pay for University Health Insurance and for the University's Taylor Health and Wellness Center should not be used to distribute contraception advice and/or devices since they have religious beliefs against the use of such advice and/or devices although it does not appear that it is the intention of this legislation to permit this.

Officials from the **University of Missouri** state no fiscal impact can be calculated at this time. Officials are not aware of any instances in which the University has taken actions that would violate the terms of this legislation as it is presently drafted. Nonetheless, creating a cause of action for health care providers that does not presently exist could expose the University to defense and liability costs in the event that a health care worker brings an action against the University or its officials under the statute. However, it is not possible to determine the likelihood of such actions or the amount of such defense or potential liability costs at this time.

Oversight assumes potential legal actions to be speculative and, therefore, assumes the proposal will have no fiscal impact on the University of Missouri or MSU.

FISCAL IMPACT - State Government FY 2013 FY 2014 FY 2015

INSURANCE DEDICATED FUND

Income - DIFP

| | | | |
|------------------|-------------------------------------|------------|------------|
| Form filing fees | <u>Less than</u> <u>\$25,000</u> | <u>\$0</u> | <u>\$0</u> |
|------------------|-------------------------------------|------------|------------|

**ESTIMATED NET EFFECT ON
INSURANCE DEDICATED FUND**

| | | |
|-------------------------------------|------------|------------|
| <u>Less than</u> <u>\$25,000</u> | <u>\$0</u> | <u>\$0</u> |
|-------------------------------------|------------|------------|

FISCAL IMPACT - Local Government FY 2013 FY 2014 FY 2015

LOCAL GOVERNMENTS

Costs - Local Governments

| | | | |
|---|------------------|------------------|------------------|
| Increase cost in health plan administration | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
|---|------------------|------------------|------------------|

**ESTIMATED NET EFFECT ON
LOCAL GOVERNMENTS**

| | | |
|------------------|------------------|------------------|
| <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
|------------------|------------------|------------------|

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The provisions of the proposal provide that no governmental entity, public official, or entity acting in a governmental capacity shall discriminate against or penalize a health plan, plan sponsor, health care provider, employer, employee, or other entity or person because of such plan's, sponsor's, provider's, employer's, employee's, entity's, or person's unwillingness, based on religious beliefs or moral convictions, to provide or obtain coverage for, participate in, or refer for, abortion, contraception, or sterilization in a health plan.

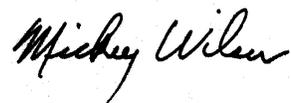
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Agriculture
Office of Administration -
 Administrative Hearing Commission
 Division of Budget and Planning
Office of State Courts Administrator
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Revenue
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Division of Fire Safety
 Missouri Gaming Commission
 Missouri State Highway Patrol
 Missouri Veterans Commission
Office of the Governor
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Missouri Lottery Commission
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Missouri National Guard
Office of Prosecution Services
Office of State Auditor
Missouri Senate
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
Missouri State Tax Commission

SOURCES OF INFORMATION (continued)

Bi-State Development Agency
MoDOT & Patrol Employees' Retirement System
Missouri State Employees' Retirement System
Linn State Technical College
Metropolitan Community College
Missouri State University
Missouri Western State University
Northwest Missouri State University
University of Central Missouri
University of Missouri



Mickey Wilson, CPA
Director
June 11, 2012